

Sustainability and Corporate Responsibility report

Part of
Ericsson
Annual Report
2020

Annual Report 2020

Financial
report

Corporate
Governance
report

Remuneration
report

Sustainability
and Corporate
Responsibility
report



ericsson.com

Sustainability and Corporate Responsibility report 2020

“The key to our successful business performance is linked to the achievement of our ambitious sustainability targets and programs. A strong focus on responsible business and sustainability delivers value to Ericsson, our customers and society.”

Ronnie Leten

Chair of the Board

Executive summary

Ericsson is committed to doing business in an ethical way and providing value to its customers and society through the technology it delivers. The Company firmly believes part of that value is derived from its focus on sustainability in its operations, in its portfolio and in how its technology is applied across sectors of society.

This Sustainability and Corporate Responsibility report provides a comprehensive review and analysis of Ericsson's environmental, social and corporate governance activities and impact. It is aimed at analysts and investors who need detailed information on topics the Company has identified as significant. The scope of this report as well as the reporting principles are presented in the Notes, together with assured data including a five-year track of key performance indicators.

Purpose driven

Ericsson's purpose is to empower an intelligent, sustainable and connected world.

The Company focuses on embedding sustainability programs and practices across the company and aims to continuously improve by setting and reaching ambitious ESG targets. This creates value to Ericsson, its customers, investors and society at large. The technology the Company delivers is a driver of positive change and key to meeting many global challenges outlined in the Sustainable Development Goals.

In this report, Ericsson illustrates how sustainability and corporate responsibility are embedded across the company. The report is organized into three main areas: responsible business, environmental sustainability and digital inclusion.

Responsible business

Ericsson has zero tolerance for any form of bribery, corruption, undue influence or collusion. In 2020, the Company has enhanced most of its anti-bribery and corruption (ABC) policies and procedures as well as its ABC risk assessment process.

In 2020, the Company's response to the COVID-19 pandemic was a primary focus for management. Ericsson maintained a strong focus through the year on reducing risks to health, safety and well-being, so that everyone working for Ericsson has an opportunity to thrive. The Company also established a new target of zero fatalities and lost workday incidents by 2025 to reinforce this commitment.

The Company values a diverse and inclusive workplace and has made continuous efforts to strengthen this area. Ericsson exceeded its female representation goal in the executive population but not yet across the entire company. In response, Ericsson committed to adopting an evidence-based, behavioral approach to diversity and inclusion across the company.

Environmental sustainability

As the world grapples with building back a more sustainable society post-pandemic, the Company remains committed to supporting the Paris Agreement and is also working through partnerships to scale global climate action to limit global warming to 1.5°C. Ericsson solutions can create positive impact at scale as new technologies such as 5G and IoT applied across industrial sectors will be critical to mitigate climate change.

Ericsson has set a carbon neutral target for own operations by 2030 including fleet

vehicles and facility energy usage. The Company has also set a target for high emitting and strategic suppliers to set their own 1.5°C aligned climate targets. To further promote climate action in global supply chains, in 2020 Ericsson was one of the initiators and founders of the 1.5°C Supply Chain Leaders.

Energy use in network operations remains a priority for Ericsson and its customers. In 2020 the Company presented its innovative approach “Breaking the energy curve” to address increasing energy consumption in mobile networks.

Digital inclusion

During 2020, Ericsson developed a comprehensive approach to digital inclusion, including a strategy to accelerate efforts on accessibility, affordability and digital literacy related to mobile broadband. The Company also celebrated a 10-year milestone of its ICT and education initiative, Connect to Learn.

As part of this focus on education Ericsson established a global three-year partnership with UNICEF to help map school connectivity in 35 countries by the end of 2023. This joint effort will support the Giga initiative, which aims to connect every school to the internet by 2030.

Ericsson also joined the UNESCO-led Global Education Coalition for COVID-19 response. As its main contribution, the company launched Ericsson Educate, a digital learning program for students disadvantaged due to lockdowns and home quarantines.

Sustainability approach

Sustainability and responsible business practices are fundamental to Ericsson's strategy and culture and are embedded across its operations in order to create positive impact and lower risk to the Company and its stakeholders. Ericsson is committed to contributing to the sustainable development of society through its technology and solutions, as well as through its partnerships and the contribution and expertise of its employees.

Sustainability creates value

As more capital is being allocated to investment strategies incorporating Environmental, Social, and Corporate Governance (ESG) factors, and as investors are increasingly engaging with companies on sustainability-related topics, the importance of non-financial disclosures is growing. Ericsson's commitment to sustainability and corporate responsibility is reflected in its policies and practices and the Company discloses data linked to its ambitious sustainability targets published annually in its Sustainability and Corporate Responsibility report.

In three key ways, Ericsson demonstrates how integrating sustainability and responsible business practices drives business transformation and creates value for stakeholders.

First, integrating sustainability and corporate responsibility through all operations enables the Company to improve performance and efficiency in both Ericsson's own operations and its value chain.

Second, sustainability and responsible business are fundamental to earning trust and reducing risk to the Company and its stakeholders.

Third, Ericsson's focus on research and development and on energy performance enables the Company to deliver more innovative and energy efficient products and solutions for its customers and other sectors.

The Company is transparent about its sustainability and corporate responsibility policies and practices and also strives for its ESG disclosures to be on par with global best practices.

In 2020, Ericsson continued to enjoy high ESG evaluations from external rating organizations. It has been included in the Dow Jones Sustainability Indices and named one of the 100 most sustainably managed companies in the world by the Wall Street Journal, to name a few examples.

Conducting business responsibly

The Company supports the Ten Principles of the UN Global Compact as well as the UN Guiding Principles on Business and Human Rights. Ericsson is committed to build a culture of compliance and to demonstrate how a commitment to doing the right thing and taking responsibility throughout its value chain is fundamental to its success and a way to drive real and lasting positive impact.

Ericsson drives a proactive agenda that extends beyond legal compliance and works continuously to improve and strengthen its responsible business practices, with a focus on building and maintaining trust, transparency and integrity regardless of where in the world it operates.

Technology as driver of positive change

The Company was founded on the premise that access to communication is a basic human need and should be available for all. Ericsson continuously demonstrates that technology developed and deployed responsibly can improve people's lives.

Energy use in network operations remains a priority for Ericsson and its customers. The 5G standard is designed to enable high performance and low network energy consumption. As stated in the Exponential Roadmap, ICT solutions can enable reduced carbon emissions by up to 15% in other sectors by 2030.

The Company is also committed to developing offerings that enable mobile broadband coverage to connect the unconnected by advocating and engaging in efforts around accessibility, affordability and digital literacy.

The effects of the COVID-19 pandemic have accelerated the pace of digital transformation and increased demand for smart and reliable communications solutions for consumers and industries. This has highlighted the critical role of the infrastructure Ericsson provides to the sustainable development of society.

Sustainability research

Science and research are a central component of Ericsson's sustainability strategy. The Company carries out peer-reviewed research, both by itself and in collaboration with research partners from academia and business. Research topics cover the direct and indirect sustainability impacts of the Information and Communication Technology (ICT) sector. Ericsson also considers it important to develop

methodologies for assessing the impact of ICT as a sector. Throughout the years, Ericsson has made many relevant contributions to international assessment standards in this area.

Contributing to the achievement of the Sustainable Development Goals

The technology Ericsson delivers has the potential to contribute to the achievement of all 17 United Nations Sustainable Development Goals (SDGs). Ericsson's core contribution to the SDGs is primarily through SDG 9 – Industry, innovation and infrastructure, and SDG 17 – Partnerships for the goals. These two SDGs are central to Ericsson's business, as a technology leader creating and orchestrating ecosystems and also working across trusted partnerships to create positive impact at scale and address a number of global challenges.

Aligning Ericsson's Group Sustainability Targets with the SDGs helps the Company validate that it is setting meaningful goals. It also helps to illustrate how the Company's non-financial targets are making a positive impact on society.



Sustainability strategy

Ericsson’s approach to sustainability and corporate responsibility is an integral part of the Company’s strategy, business model, governance, and culture and is embedded across its operations to drive business transformation and create value for stakeholders. This work is a continuous journey, and the sustainability strategy covers three focus areas:

● **Corporate responsibility**

Corporate responsibility is the foundation of everything the Company does. Ericsson drives an agenda to deliver value to both the Company and stakeholders across its value chain. This agenda extends beyond legal compliance by proactively addressing and mitigating risks, including corruption risks in the countries in which it operates.

● **Environmental sustainability**

Circular economy encapsulates Ericsson’s approach to environmental sustainability. From design, manufacturing and the use phase through reuse, product take-back and end of life. Ericsson strives to minimize the negative impacts of its own operations, and to improve the energy performance of its products to reduce environmental impacts.

● **Digital inclusion**

Ericsson develops and drives a proactive and business-focused agenda centered on digital inclusion. This agenda encompasses institutional capacity building and digital literacy as well as universal and affordable internet access powered by cellular connectivity.

Group sustainability targets

Ericsson has set sustainability and corporate responsibility targets aligned with the Company strategy. The targets are reviewed and reported annually, and they reflect the Company’s ambition both to mitigate risks and increase positive impacts, as well as to create value. Ericsson’s climate targets are in line with the UN climate agenda to reach a 1.5°C trajectory.

Risk mitigation targets

Zero fatalities and lost workday incidents by 2025 ¹⁾	New target	Address risk assessment for 100% of the top 90% of supplier spend by 2020	Achieved
Strengthen and enhance Ericsson’s Ethics and Compliance program to ensure an effective and sustainable Anti-bribery and corruption program by 2022 ²⁾	On track	Achieve 100% adherence to the sensitive business process and conditions by 2020 ³⁾	Achieved

Positive impact targets

Achieve 35% energy saving in Ericsson Radio System compared with the legacy portfolio by 2022 (baseline 2016) ⁴⁾	34%	Reduce 35% CO ₂ e emissions from Ericsson’s own activities by 2022 (baseline 2016) ^{4) 5) 6)}	-57%	Achieve a 5G product portfolio that is ten times more energy efficient (per transferred data) than 4G by 2022 (baseline 2017)	6.6x
Increase to 30% the female representation of total workforce by 2020 ⁷⁾	25%	Enable internet for all through roll out of mobile broadband to connect additional 500 million people by 2024 (baseline 2018) ⁸⁾	188 million	Ericsson is carbon neutral by 2030 in its own operations ⁹⁾	On track

¹⁾ As the Company already delivered on its 2019 target to Reduce major incidents by a minimum of 30% by 2022, a new target of Zero fatalities and lost workday incidents by 2025 was set in 2020.
²⁾ Ericsson’s Anti-bribery and corruption program is part of the broader Ethics and Compliance program.
³⁾ Approval adherence: 100% and conditions adherence: 100%.
⁴⁾ Included in Ericsson’s Science Based Target (SBT) which is approved by the SBT Initiative.
⁵⁾ CO₂e: Carbon dioxide equivalent.

⁶⁾ Own activities include: facility energy use, fleet vehicles, business travel and product transportation.
⁷⁾ Total workforce includes: all employees.
⁸⁾ Accumulated number of users added since 2019.
⁹⁾ Emissions from Ericsson’s own operations include fleet vehicles (Scope 1) and facility energy usage (Scope 1 and Scope 2). Scope definition according to the GHG Protocol Corporate Standard.

Sustainability management

Governance

The Board of Directors oversee the Company's sustainability and corporate responsibility strategy, and risk and performance are reported annually to the Board, or more often as needed. In 2020, the Board of Directors was regularly updated on the progress of the Ethics and Compliance Program. Additional briefings covered progress on respect for human rights, health, safety and well-being, responsible sourcing, climate action and social inclusion.

The Audit and Compliance Committee of the Board of Directors has ultimate responsibility for the Ethics and Compliance Program, which currently has its focus on enhancing the Company's anticorruption framework. Throughout 2020, Ericsson has continued to strengthen its Ethics & Compliance Program in order to ensure an effective and sustainable anti-corruption compliance program by 2022. In addition, a dedicated Ethics and Compliance Team has been established and strengthened.

The Company's sustainability and corporate responsibility performance is regularly measured, assessed and externally assured. Performance on group sustainability targets is also regularly reported to the Executive Team. A dedicated Sustainability and Corporate Responsibility Team is accountable for developing and implementing strategies, policies,

directives, targets, processes and tools related to sustainability and corporate responsibility.

Ericsson Group policies are approved by the President and CEO. The Company's sustainability and corporate responsibility-related Group policies and directives include Ericsson's Code of Business Ethics (CoBE) as well as Group steering documents concerning sustainability, information security, privacy, health and safety, electromagnetic fields and health, anti-corruption, environmental issues and the Code of Conduct for Business Partners. All of these reflect Ericsson's commitments to and requirements on its stakeholders, and they are reinforced by awareness and training programs.

The Code of Business Ethics

Ericsson's CoBE sets the expectations for how Ericsson conducts business. It includes clear requirements for employees to follow in order to ensure that business is conducted with a strong sense of integrity. The CoBE is applicable to the Company's workforce, and it reflects its commitment to the UN Global Compact's Ten Principles and the UN Guiding Principles on Business and Human Rights.

The CoBE is reviewed on a regular basis. Employees and consultants working under the direction of Ericsson must comply with it and

periodically acknowledge that they have read and understood it. The CoBE is available in multiple languages to ensure that the Code is understood across the entire workforce. Everyone working for Ericsson has an individual responsibility to ensure that they adhere to the Code.

The Code of Conduct for Business Partners

As part of the Company's responsible sourcing practices, Ericsson strives to continuously strengthen its requirements and expectations on social, ethical, environmental, and human rights-related topics applicable to its supply chain. The Code of Conduct for Business Partners (CoC) specifies requirements and expectations that the Company's business partners must comply with when doing business with Ericsson. It is included in suppliers' contracts and covers areas such as anti-corruption, environmental requirements, labor and human rights and occupational health and safety. The CoC is based on the UN Global Compact's Ten Principles, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Responsible Business Alliance Code of Conduct.

Management system

Ericsson's global management system, the Ericsson Group Management System (EGMS), includes Group policies, directives and instructions as well as Group-wide processes. EGMS is a dynamic governance system. It enables Ericsson to adapt to evolving requirements and expectations, including applicable legislation and customer and other stakeholder requirements. EGMS brings a common management approach and consistent global implementation to how business is conducted, and Ericsson's sustainability and corporate responsibility work is an integrated part of it. As the EGMS is a global system, Group-wide certificates are issued by a third-party certification body proving that the system is efficient throughout the whole organization as well as compliant to the ISO standards

in scope. Ericsson is globally certified to ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), OHSAS 18001 (Occupational Health and Safety Assessment Series) and ISO 27001 (Information Security Management System) covering Company operations. In 2020, Ericsson initiated the transition from OHSAS 18001 to ISO 45001 (Occupational Health and Safety Management System).

Through Ericsson's Global Certification Assessment Program, an external assurance provider assesses how Ericsson manages risks, achieves the Company's objectives and implements and adheres to Group policies and directives, as well as how it works in accordance with stipulated processes. Significant topics within sustainability and corporate

responsibility are regularly assessed according to our Materiality assessment process. Related risks are identified and evaluated in accordance with Ericsson's Risk Management framework.

Ericsson's sustainability and corporate responsibility targets are set and regularly followed up by the accountable organization. Further, they are reviewed annually as part of the Company's strategy process. Ericsson's environmental life-cycle assessment, research studies and performance data inform the process for setting targets. Ericsson provides training to employees and suppliers to ensure and improve awareness and competence related to sustainability and corporate responsibility topics and commitments.

Risk management

Ericsson’s sustainability and corporate responsibility-related risks are managed in accordance with Ericsson’s Enterprise Risk Management (ERM) framework, see Ericsson’s Corporate Governance Report 2020, pages 18–19. The responsibility for the identified risks is allocated to the respective Head of Group function, market area, business area, and units with Group responsibilities. In addition, dedicated Risk Management Frameworks focusing on specific areas such as Anti-corruption, Environmental, Health and Safety and Information security are in place.

As part of Ericsson’s Sustainability and corporate responsibility strategy work, risks and treatment plans are identified, analyzed, and prioritized. These are summarized in Ericsson’s sustainability and corporate responsibility Risk Heat Map, which is regularly reviewed. For information on Ericsson’s Risk Factors, both financial and non-financial, see Ericsson’s Financial Report 2020, pages 97–108.

Finally, as part of the efforts to address bribery and corruption risks, Ericsson has established a risk assessment process. The Company assess bribery and corruption risks

related to its business activities and opportunities, business partners, countries and industry sectors in which it operates. This includes assessing its interaction with governments or state-owned or controlled companies and the extent of government regulation and oversight in relation to its business activities. Ericsson’s bribery and corruption risk assessment also includes data analytics and transaction testing in high-risk geographies. Based on the results of the anti-bribery and corruption risk assessments, Ericsson prescribes remedial actions to improve identified areas of weakness.

Reporting compliance concerns

Ericsson encourages employees, suppliers and other external parties report conduct that could violate the law, Ericsson’s Code of Business Ethics or Ericsson’s Code of Conduct for Business Partners (collectively “Compliance Concerns”). Compliance Concerns may relate to corruption, fraud, auditing, questionable accounting, deficiencies in the internal controls, personal health and safety, environmental issues, human right matters, workplace respect and fairness or other matters that could constitute a breach of law, or that could harm Ericsson, its workforce, its shareholders or the Company’s reputation.

Employees are encouraged to report Compliance Concerns directly to their manager, and if due to circumstances, this is not an option, Ericsson provides a variety of channels that an employee may use, including the superior of a manager or Group Functions People or Legal Affairs and Compliance. Compliance Concerns can also be reported via the Ericsson Compliance Line and can be done anonymously if permitted under applicable legislation. The Ericsson Compliance Line is available via phone or secure website, 24/7, 365 days a year in over 185 countries and in over 63 languages. Ericsson does not accept

any discrimination of, or retaliation against, individuals who report Compliance Concerns in good faith.

Ericsson’s Allegation Management Office (AMO) is responsible for the intake and assessment of an allegation or report of a potential compliance violation. Corporate Investigations is responsible for conducting Group-relevant investigations, for oversight of investigations that it delegates to other Ericsson units or to external third-party investigators. It is also responsible for setting the standards and principles that apply to all investigations at Ericsson. Findings and remediation plans for Group-relevant cases are presented to Ericsson’s Group Remediation Committee, consisting of the Chief Legal Officer, the Chief Financial Officer, the Chief People Officer and the Chief Compliance Officer. Findings from Group-relevant cases are presented every quarter to the Audit and Compliance Committee of the Board of Directors.

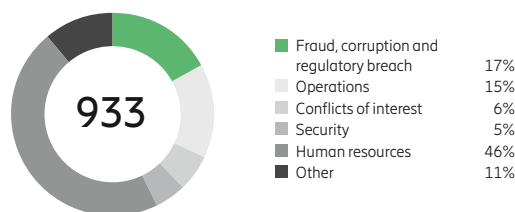
Ericsson has made efforts in 2020 to bolster its allegation management and investigations teams. Corporate Investigations has been strengthened in the last year with additional resources and local hubs have been established to better ensure all Compli-

ance Concerns warranting investigations are investigated using local expertise following a General Data Protection Regulation (GDPR)-compliant investigation process. In 2020, AMO also added resources to continue to build employee awareness of, and trust in, the Allegation Management Process, including providing regional support for allegation management activities and coordinating remediation actions and processes.

Ericsson has seen an increase in Compliance Concerns reported from 566 in 2019 to 933 in 2020. Ericsson believes this reflects an increase in employee awareness of compliance-related risks and its continued efforts to foster a stronger speak up culture.

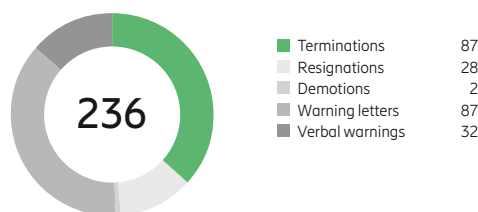
The graph on this page (Reported compliance concerns) shows the total number of cases in 2020 by category. From the total, 281 cases were deemed to be substantiated allegations. 419 cases were assessed to be unsubstantiated, out of scope, or no further response was received from the reporter upon follow-up. 519 cases reported in 2019 and 2020 remain open. The Corrective and Disciplinary actions graph shows the actions taken in response to the substantiated cases in 2020.

Reported compliance concerns by category 2020 ¹⁾



¹⁾ Category is based on the most significant impact identified by Corporate Investigation’s team and may be modified during an investigation as additional information is obtained.

Corrective or disciplinary actions 2020 ²⁾



²⁾ Corrective or disciplinary actions executed in 2019, and each action represents a distinct employee. Numbers reflect the most severe action per employee

Stakeholder engagement

Ericsson’s approach to stakeholder engagement enables it to learn about its stakeholders’ expectations, requirements and concerns. This provides insights into risks as well as opportunities. Ericsson engages with its stakeholders on an ongoing basis on sustainability related topics and emerging dilemmas.

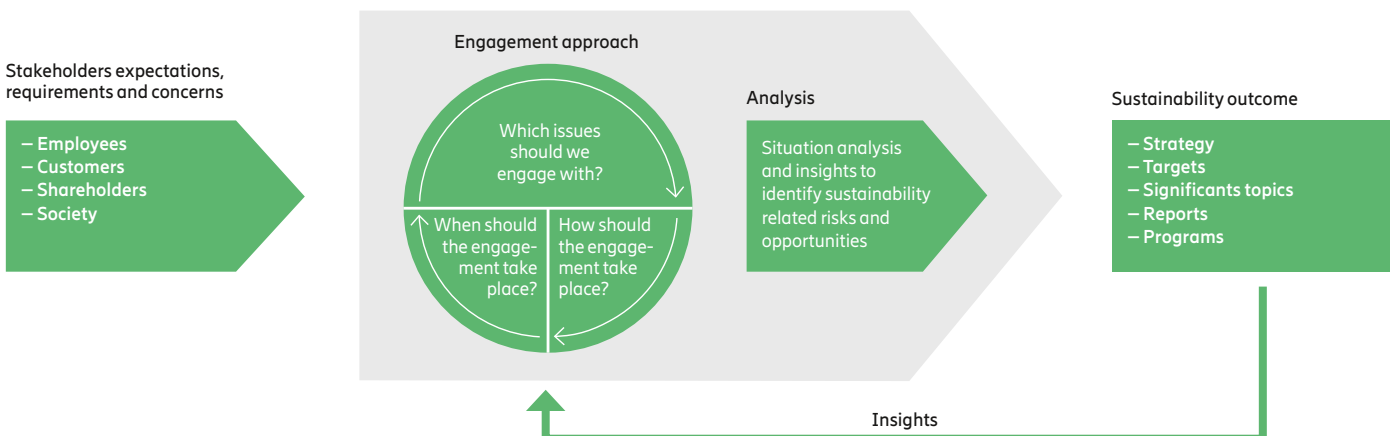
Some of the topics addressed in 2020 include human rights, anti-corruption, health, safety and well-being, responsible sourcing, climate action, energy performance, digital inclusion and sustainable development. Stakeholder engagement takes a variety of forms such as joint projects, advocacy, meetings, surveys

and participation in industry associations. Another important method for receiving stakeholder insight is through joint research with academia and industry peers. Ericsson leverages its social media outreach to extend the conversation and hear from the public.

Stakeholder engagements in 2020

Stakeholders	Sustainability-focused engagements	Topics raised	Value created
Employees	<ul style="list-style-type: none"> Employee Sustainability and Responsible Business annual survey Seminars Volunteering activities Company matching donations Continued emphasis on Speak-Up culture 	<ul style="list-style-type: none"> Health, safety and well-being Respect for human rights Anti-corruption Climate action Digital literacy, mentoring COVID-19 pandemic response 	Individual and professional development, and job satisfaction which contribute to Ericsson’s purpose and success as well as meaningful community engagement
Customers	<ul style="list-style-type: none"> Individual customer meetings and engagements Customer ESG assessments Joint research and development on role of industry and digitalization in society 	<ul style="list-style-type: none"> Portfolio energy performance Digitalization as fundamental to meet the SDGs Industry supplier requirements and climate targets Product safety and privacy Health, safety and well-being 	Enabling customers to achieve their sustainability ambitions through Ericsson’s portfolio
Shareholders	<ul style="list-style-type: none"> Investor meetings Capital Markets Day ESG surveys and rankings 	<ul style="list-style-type: none"> Anti-corruption ESG reporting and Corporate governance Climate action and business opportunities of digitalization 	Contributing to sustainable return on investments through transparent disclosures on risks and opportunities
Society			
Suppliers	<ul style="list-style-type: none"> Supplier assessments and audits Participation in the Responsible Business Alliance 1.5°C Supply Chain Leaders 	<ul style="list-style-type: none"> Health, safety and well-being Working hours and conditions Environmental requirements Requirements on climate action Conflict minerals 	Long-term and stable supplier relationships creating resilient supply chains and leveraging on sustainability initiatives
Governments	<ul style="list-style-type: none"> Policy advocacy such as consultations on digital inclusion, environment, climate action, human rights and responsible business governance 	<ul style="list-style-type: none"> Facts and input on climate Regulation on energy, substances, materials, and circular economy Regulation on governance and non-financial reporting 	Contributing to industry expertise to support formulation of relevant regulation
Academia and sector peers	<ul style="list-style-type: none"> Joint research New technology curriculum to support digital skills development Research funding Thesis collaborations 	<ul style="list-style-type: none"> Carbon impact of ICT sector Climate change mitigation through ICT solutions Radio waves and health 	Contributing to shared knowledge-creation, and fact-based information to stakeholders
Civil society and NGOs	<ul style="list-style-type: none"> Broadband Commission for Sustainable Development Global Networking Initiative UNESCO/UNICEF UN World Food Programme Exponential Roadmap World Wide Fund for Nature World Economic Forum World Health Organization 	<ul style="list-style-type: none"> Privacy and freedom of expression Digital inclusion and education Humanitarian relief Climate action Anti-corruption Radio waves and health 	Driving sustainability and responsibility in the ICT sector and contributing to digital literacy, connectivity and expertise through partnerships

Ericsson’s stakeholder engagement model



Significant topics 2020

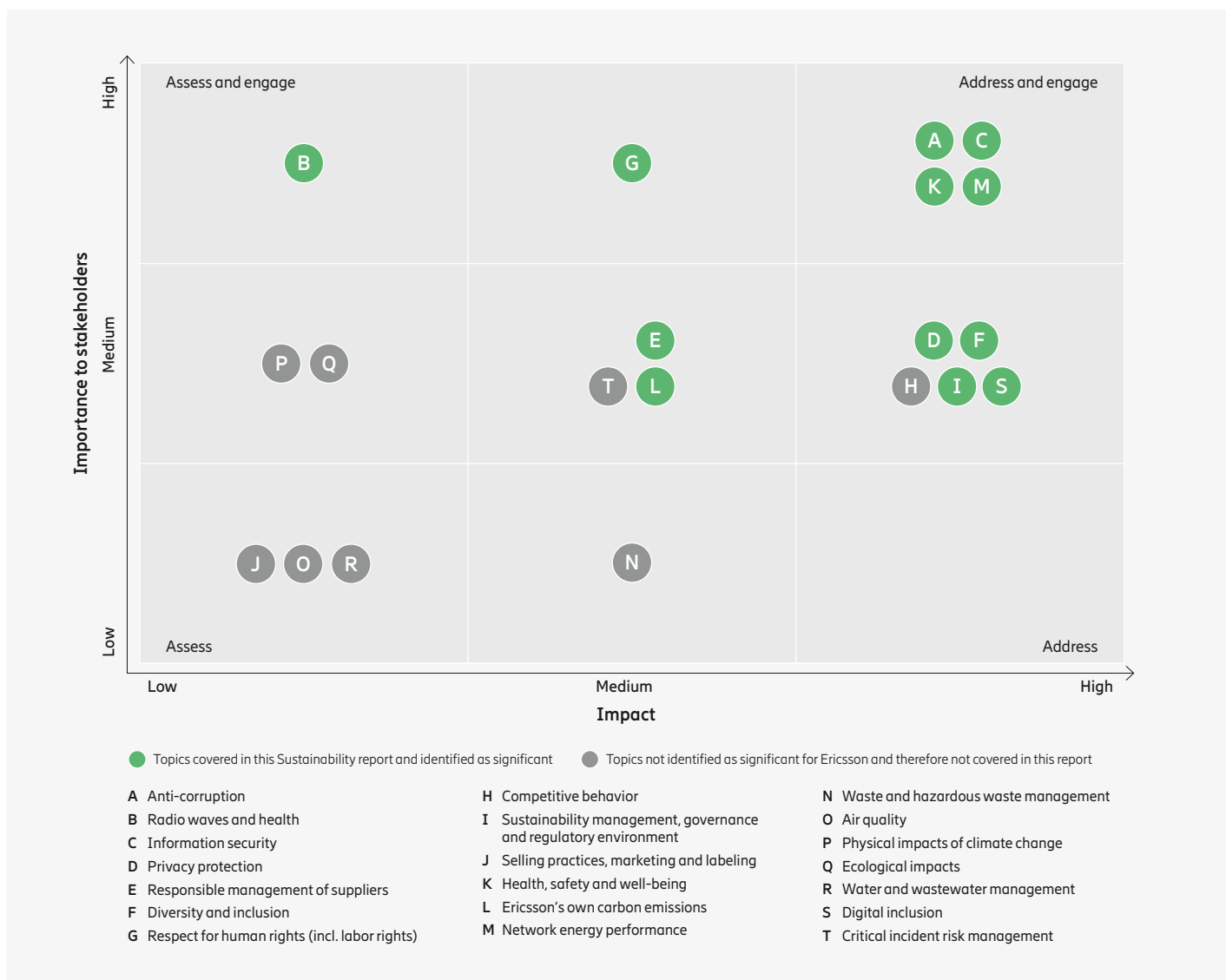
Ericsson annually assesses environmental, social and corporate governance topics significant to the company, which is a central part of the Company's strategy, target setting, risk management and reporting processes. The assessment combines two perspectives, impact and the relative importance of the topics to stakeholders. The topics assessed have been determined based on established reporting frameworks such as the Global Reporting Initiative's (GRI) Standards and the Sustainability Accounting Standards Board's (SASB) Standards. Definitions can be found on the Company website. Ericsson begins each assessment by reviewing the previous year's results as well as input from surveys and dialogues with stakeholders. In 2020 Ericsson conducted its annual employee survey on

sustainability and responsible business. It was answered by more than 19,000 employees who ranked sustainability-related topics in order of importance. The results have been integrated into the materiality assessment; the three top topics as ranked by employees were, in order, health, safety and well-being, respect for human rights and anti-corruption.

Ericsson continues to evolve its materiality assessment process and in 2020 conducted workshops with all business areas as well as Group Function Technology. The consolidated outcome is reviewed by the Executive Team.

Significant topics from 2020 are shown in the graph below. Compared to 2019, stakeholder interest in Product energy performance, Health, safety and well-being and Radio waves and health has increased.

Ericsson's approach to each topic is based on the outcome of the materiality assessment. Topics with high impact and high importance to stakeholders are addressed through comprehensive management, including setting of performance targets, paired with transparent disclosures and stakeholder engagement. Topics where the importance to stakeholders is high but where the impact is assessed as low, are continuously re-assessed through engagement with stakeholders. Topics where impact is high but importance to stakeholders is low, are addressed and proactively managed, and disclosures are made when relevant. Finally, topics with low impact and low importance to stakeholders are monitored and regularly re-assessed to capture any changes in their relevance to Ericsson.



Responsible business



Technician in safety gear installing Ericsson Radio System.

The Company works to continuously improve and strengthen its responsible business practices, with a focus on building and maintaining trust, transparency and integrity regardless of where in the world it operates.

Respect for human rights, ethically and environmentally sound business practices as well as fair and safe working conditions and employees' well-being are fundamental parts of Ericsson's culture and identity. This commitment to responsible and ethical behavior starts at the Board of Directors level and is implemented throughout Ericsson's organization through on-going due diligence as well as specific frameworks and programs such as Ethics and compliance, Sensitive business,

Responsible sourcing, and Health, safety and well-being.

The Ericsson Code of Business Ethics and the Code of Conduct for Business Partners set out the Company's commitments and requirements, which go beyond legal compliance. Ericsson aims to prevent, mitigate and address risks of adverse impacts throughout its operations, products and business engagements.

We ended 2020 with a strong focus on compliance leadership, communication, and recruitment. The year was centered in enhancing anti-bribery and corruption (ABC) core policies and procedures, consolidating ABC risk assessments, and providing enhanced trainings on ABC topics. Other areas of par-

ticular attention included M&A and the allegation management process to ensure a string trust of the organization in the Company's reporting mechanisms.

The Company's focus on responsible business was also strengthened by initiating an update of the Ericsson Code of Business Ethics and by conducting targeted human rights impact assessments.

Ericsson actively engages in awareness raising on responsible business topics and encourages employees and its stakeholders to report compliance concerns through the Ericsson Compliance Line, see page 5.

Anti-corruption

Ericsson has zero tolerance for any form of bribery, corruption, undue influence or collusion. The Company strives to be a responsible and relevant driver of positive change in the communities where it operates. Ericsson recognizes that reputation and trust are hard-won and easily lost, and we strive to win business based on our technology leadership.

In December 2019, Ericsson reached a resolution of the investigations conducted by the US Department of Justice (DOJ) and by the Securities and Exchange Commission (SEC) since 2015 and 2013 respectively, regarding the Company's compliance with the US Foreign Corrupt Practices Act (FCPA). As a result, Ericsson agreed to enter into a Deferred Prosecution Agreement (DPA) with the DOJ to resolve criminal charges and agreed with the SEC to the entry of a judgment to resolve civil claims related to allegations of violations of the FCPA.

Throughout 2020, Ericsson has enhanced most of its anti-bribery and corruption (ABC) policies and procedures that allow it to ensure adequate controls around ABC sensitive transactions. Ericsson has also established an ABC risk assessment process and reinvigorated efforts to better communicate the importance of ethics and compliance to each member of the Ericsson organization. Employees are required to read and acknowledge our updated Code of Business Ethics, and also to complete e-learning sessions on ethics and compliance. Ericsson is helping its managers to understand and emphasize the importance of fostering a speak-up environment and its importance to the success of Ericsson.

Anti-Bribery and Corruption program

Ericsson's anti-bribery and corruption compliance program is part of the broader Ethics and Compliance (E&C) Program. In order to ensure adequate implementation and adherence to policies and controls, the program is structured around ten core elements that collectively enable the Company to prevent, detect, and respond to potential violations of its Code of Business Ethics and/or applicable laws and regulations. These ten elements are based on the expressed expectations of national regulators as well as good practices endorsed by public international organizations, see Ericsson 2020 in review, page 17.

Compliance Monitorship

As part of this resolution with the DOJ and the SEC, Ericsson agreed to engage an independent compliance monitor. In June 2020, Dr. Andreas Pohlmann of the firm Pohlmann & Company has been appointed as Ericsson's monitor. The appointment marks the start of the three-year term of the monitorship. The monitor's main responsibilities include reviewing Ericsson's compliance with the terms of the settlement and evaluating the Company's progress in implementing and operating its enhanced compliance program and accompanying controls as well as providing recommendations for improvements.

Governance, risk management and activities in 2020

In 2020, Ericsson has expanded its compliance and corporate investigation organizations with full-time compliance professionals and investigators. Ericsson's global compliance organization consists of employees located at Ericsson's headquarters in Stockholm, Sweden, as well as employees located in geographies consistent with its Market Area and Business Area operating model.

Ericsson has also established an internal governance structure to address compliance topics. The Group Compliance Committee (GCC), which includes senior executives of the group, meets monthly. The GCC oversees the Ericsson E&C program to ensure, with regard to ABC, the program is properly designed, implemented and monitored. In addition, the Chief Compliance Officer provides reports directly to the Audit and Compliance Committee (ACC) of the Board on a quarterly basis.

The Company has revised most of its ABC policies and procedures needed to ensure adequate controls around ABC sensitive transactions. This includes a revised directive and instruction on Third Party Management, and detailed instructions on gifts, entertainment and hospitality.

Ericsson has established an ABC risk assessment process (see page 5), which also incorporates transaction testing in markets where corruption exposure is higher. Based on the results of the risk assessments, Ericsson prescribes remedial actions to improve identified areas of weakness. Our risk assessment has identified several high-risk areas in need

of further attention, such as heightened risk of potential conflict of interest between our employees and our external suppliers, the necessity to better manage our relationship with third parties, and the need for improved rules and guidance around the use of gifts, entertainment, and hospitality process.

Ericsson continues to provide online mandatory training on E&C to its workforce. The training program is undergoing a transformation aiming at reaching 100% completion rate by the workforce in 2021. Training efforts include a mandatory ABC in-person awareness workshop for employees in exposed roles from an ABC perspective globally. The in-person workshop format enables employees to not only identify ABC risks specific to their job roles but also gives them an opportunity to discuss various case studies and how to mitigate such risks. Due to the COVID-19 pandemic, all in-person awareness trainings originally scheduled have been replaced temporarily by live virtual trainings and in 2020 have reached 100% of the targeted workforce. Furthermore, additional virtual enhanced ABC and ethical leadership training are ongoing reaching senior executives and middle management and will continue during 2021.

Ericsson has also bolstered its Allegation Management Office (AMO) to ensure employees have adequate reporting channels when it comes to raising compliance concerns (see page 5). The AMO governs and oversees remediation of investigated compliance concerns. This may include employment consequences as each employee and manager has ownership and accountability for compliance breaches. A risk-based approach is used to allocate remediation of cases to a Group Compliance Remediation Committee or local remediation committees. Please refer to the Reporting Compliance Concerns section for further information on page 5.

Main risks include:

- Workforce or third-party failure to comply with anti-corruption laws, regulations and Ericsson's related policies and directives.
- Potential conflicts of interest situations involving our workforce and Third-parties.

Respect for human rights

Ericsson is committed to respecting human rights as articulated by the UN Guiding Principles on Business and Human Rights. This responsibility is addressed throughout the Company's business operations, including its supply chain and end use of products.

The increasing use of Information and Communication Technology (ICT), and specifically of new technologies such as machine learning and artificial intelligence (AI), bring challenges to security, privacy and human rights. This makes it crucial to remain vigilant and ensure that misuse of Ericsson's technology is prevented.

Governance, policies and directives

Ericsson's commitment to respect human rights is part of its Code of Business Ethics (CoBE) and its Code of Conduct for Business Partners (CoC).

The Ericsson Business and Human Rights Statement further clarifies Ericsson's commitment to respect human rights throughout its value chain.

To continue implementation of the Company's guidelines for trustworthy AI, Ericsson has established product design rules for AI development.

Ericsson has analyzed its supply chain, own operations and the use of its products in terms of respect for human rights. Ericsson identifies its salient human rights issues as the right to freedom of expression and right to privacy in relation to the use of its technology, and primarily labor-related rights as the prevailing set of rights for responsible management of suppliers. These salient human rights issues have been defined based on on-going due diligence, expert guidance and internal and external dialogue, as well as through analysis of Ericsson's current operations and business engagements. During 2020 Ericsson conducted a project to define salient human rights risks in the Company's supply chain. More information on which labor rights are defined as salient human rights issues for Ericsson on Responsible management of suppliers is on pages 16–17.

Human rights impact assessment

During 2020, a human rights assessment of 5G technology was conducted, identifying a range of impact areas and necessary mitigating actions for Ericsson and the broader ICT industry. The assessment cuts across the ICT value chain and includes impact areas such as automation and job transitions, IoT and

privacy concerns, government surveillance, and digital inclusion. Ericsson conducted the assessment to proactively identify and address potential human rights impacts at an early stage of the 5G roll out. Ericsson's methodology for conducting human rights impact assessments is aligned with the UN Guiding Principles on Business and Human Rights.

Human rights due diligence

In order to assess, prevent and mitigate potential misuse of Ericsson's technology, the Company has integrated human rights due diligence into its sales process through the Sensitive Business framework. This framework aims to ensure that business opportunities and engagements are conducted in accordance with international human rights standards. Ericsson's Sensitive Business Board, a cross-functional forum that consists of high-level representatives of Group functions and business areas, oversees the Sensitive Business operation and meets regularly.

Within the global sales process, all sales opportunities are monitored through an automated tool. When a Sensitive Business risk within a sales opportunity is identified, the opportunity is stopped until further due diligence measures are taken in accordance with the Sensitive Business risk methodology (see graph on page 11). Based on the results of the due diligence, Ericsson decides how to proceed with the opportunity and how to mitigate identified risks. The decision can be to approve, with or without conditions, or reject the sales engagement. Conditional approvals include technical and contractual mitigations.

Ericsson's Sensitive Business Digital Transformation, aims at delegating Sensitive Business evaluation and mitigations to the concerned sales organizations through automation and tools support. The development of the tools and automation is in its final phase. Ericsson plans to have the transformation fully operational during the first half of 2021.

Ericsson monitors the adherence to the Sensitive Business framework through dedicated Key Performance Indicators. In 2020, the Company has reached its target to achieve 100% adherence to the Sensitive Business process and conditions, see page 3. This means that all relevant sales engagements are correctly processed through the Sensitive Business framework, as well as approved conditions correctly implemented in customer contracts. Ericsson will continue to monitor this for another two years, using the current

Key Performance Indicators on process and conditions, to ensure full adherence remains after implementation of the digital transformation. Additionally, the transformation aims to allow Ericsson to set a new baseline and further develop targets to measure the impact of the Sensitive Business framework.

Building leverage and engaging in dialogue

In 2020 Ericsson publicly supported mandatory human rights due diligence legislation on an EU level, and actively engaged in the consultation processes to ensure the proposed legislation is aligned with international human rights standards. As a member of the Global Network Initiative (GNI), Ericsson conducted a self-assessment in 2020 based on the GNI Assessment Toolkit. The assessment results were presented to, and discussed with the GNI Board to share learnings with other members. Throughout the year, Ericsson engaged in a wide range of stakeholder dialogues as part of its GNI membership on topics such as COVID-19 tracing, government surveillance and network shutdowns, emerging privacy and freedom of expression regulations, and challenges in specific jurisdictions. Ericsson also engaged in dialogue with civil society organizations, outside of the GNI dialogues, in order to obtain input on relevant trends and prioritization within responsible business and human rights.

Further, in line with the CoBE, Ericsson continues to take action in the fight against child sexual abuse (CSA) through its group-wide program. The Company uses a tool on its laptops designed to detect and eliminate CSA content from the Ericsson IT landscape. Ericsson operates in 180 countries and follows local rules and regulations in each country if CSA content is detected.

As part of Ericsson's responsibility to respect human rights, the Company provides its stakeholders access to grievance mechanisms through the Ericsson Compliance Line, see page 5.

Main risks include:

- Misuse of Ericsson's technology could adversely impact the right to privacy and freedom of expression.
- Lack of adherence to human rights standards in the supply chain could adversely impact a wide range of labor related rights.

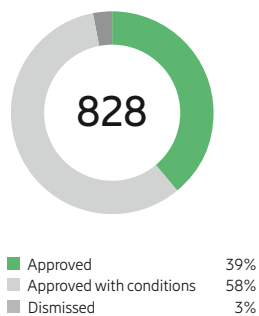
Sensitive business

The table below provides anonymized case examples of human rights due diligence measures conducted as a result of the Sensitive Business framework. The examples demonstrate how human rights risks are considered and addressed in sales opportunities.

Example of cases 2020

Decision	Ericsson's customer	Description	Motivation
Approved	Global telecom operator	A telecom operator in a high-risk country approached Ericsson to discuss how to increase the yield from their radio access network. Ericsson's Energy Saver software was requested as a solution.	The Energy Saver software does not process, store or transfer personally identifiable information. No other human rights risks were identified in connection to the engagement. Therefore, Ericsson approved the opportunity without mitigations.
Approved with conditions	Local telecom operator	A telecom operator in a high-risk country requested functionality to locate individual subscribers' geographical location. This was to be used both for commercial purposes and by the authorities for emergency call location.	As part of the Sensitive Business evaluation, Ericsson concluded that the requested use meets requirements on privacy and freedom of expression since the commercial use is under user consent and the authorities can only locate a person if that person calls the emergency number. However, because of the high country risk, Ericsson decided to include contractual mitigations limiting the use of the solution to the identified legitimate use cases. Additionally, technical mitigations were imposed by restricting delivery to only specified functionalities.
Dismissed	Government authority	A police authority in a high-risk country requested a wireless transmission network (Mini-Link) for internal communications	While the technology itself is only used for internal communication, the Sensitive Business evaluation concluded that the relevant police authority, through its own actions, has a history of human rights violations such as cases of torture. Ericsson therefore decided to dismiss the opportunity in order not to be linked to potential abuses perpetrated by the end customer.
Dismissed	Local telecom operator	A local telecom operator requested the ability to control which users are able to connect to their network using International Mobile Equipment Identity (IMEI) as trigger. IMEI is an identity number for each mobile phone. The solution would share personally identifiable information such as call logs and positioning directly with police authorities	There might be legitimate reasons, in certain circumstances, to deny access to a network based on blocked IMEI numbers. However, sharing personally identifiable information of every user connecting to the network with government authorities is not deemed legitimate or proportionate, and may result in severe impacts on the right to privacy. Ericsson dismissed the engagement.

Cases reviewed in the sensitive business process, by outcome



Sensitive business risk methodology



Sales opportunities are evaluated according to the following criteria:

- 1. Portfolio:** Whether the sale includes technology that stores or process personally identifiable information.
- 2. Purpose:** The purpose and context in which the customer intends to use the product, service or solution.
- 3. Customer:** The type and ownership structure.
- 4. Country:** Ericsson uses a third-party risk analytics firm to rank countries according to right to privacy and freedom of opinion and expression risks. In addition, the Company routinely follows international developments.

Information security

Information is key to any business, including Ericsson's, and it is important to protect the confidentiality, integrity and availability of the Company's information. This insight builds the foundation for Ericsson's Information security work.

Information security threats and risks are evolving rapidly due to a rise in cybercrime and increased geopolitical tensions. Ericsson continues to highly prioritize Information security, and the Company is committed to keeping its customers and its own operations safe.

Ericsson has a wide variety of data and assets, including proprietary information and intellectual property which the Company must always make sure is managed and protected in an appropriate way.

The Company's focus in information security is primarily on maintaining the confidentiality, integrity and availability of information, while not hindering operations. As both the value of information and the capabilities of threat actors increase, information security has become an issue of national importance globally and key considerations for operations in the Information and Communication Technology (ICT) sector.

Ericsson has implemented frameworks for the secure development, business continuation, sale and delivery of products and services, while constantly working to protect its employee data.

Governance and policies

Information security is governed through Ericsson's Group Enterprise Security Board while the Product and Technology Security Board addresses product and portfolio security issues. The Audit and Compliance Committee of the Board of Directors receives periodical updates on Information security. Incidents can be reported by both employees and business partners through Ericsson's Security Incident Management System and routed to the appropriate function for handling. Ericsson has an established Product Security Framework to ensure that issues are considered throughout the entire product life cycle.

Policies and directives establish the requirements across Ericsson. Ericsson's Product Security framework includes a mandatory area of regulation specifically for security and privacy, which is applicable to all products, while the Enterprise Security Framework is the

applicable internal regulation for protecting the company. The Crises Management Group Directive regulates the handling of major incidents or crises.

Ericsson's Information Security Management System is globally certified to ISO/IEC 27001. Specific security training is mandatory for all employees, with in depth training developed to build Ericsson specific security competence.

Risk management

The Ericsson Threat and Risk Landscape drives the dimensioning of its cyber security capabilities. The Company's in-house Threat Intelligence team utilizes external and internal intelligence to identify the relevant threats. Ericsson ensures having tools and capabilities to detect and respond to cyber threats targeting the Company and its customers. Therefore, Ericsson deploys a wide set of tools across its entire IT infrastructure. For critical infrastructure the Company has increased key monitoring and detection capabilities. The Ericsson Cyber Defense Center continuously monitors the Company's infrastructure and can respond to incidents at any time. Ericsson works with partners that support with area specific competence, intelligence and capabilities. Ericsson tests the robustness of its system continuously through activities such as simulated security intrusions. Security awareness of employees is also regularly tested through simulated phishing attempts and other measures.

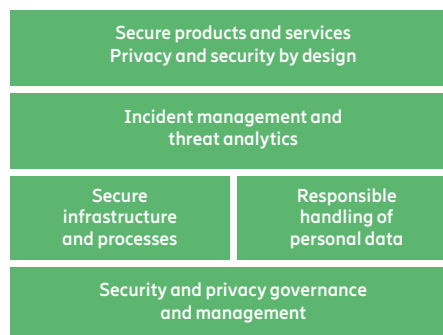
Given the evolving threat landscape and Ericsson's changing business and IT systems, the Company continuously runs security

activities to improve and adjust its security capabilities. Ericsson measures its security posture based on both the ISO27001 standard as well as the National Institute of Standards and Technology (NIST) framework. Improvements to the NIST capabilities are identified based on measured capability maturity. The major in-house efforts in 2020 included investments into Identity and Access Management (IAM), Insider Prevention, Third Party Risk Management and revised Security Governance. Ericsson continuously invests in Artificial intelligence and automation in all security areas.

Main risks include:

- Workforce or third-party failure to comply with information security and privacy laws, regulations and Ericsson's related policies and directives.
- Threat actors targeting Ericsson's Intellectual property, networks and financial, customer and personal data.
- More stringent or new stakeholder or regulatory information security and privacy requirements may impact Ericsson's business.
- Failure of systems due to human mistakes or insufficient quality control or lack of resilience.

Focus areas for security and privacy



Ericsson's capabilities

- Product Security Incident Response Team (PSIRT)
- Ericsson IT Incident Response Team (ERICERT)
- Security operations and digital forensics Lab
- Ericsson network security
- Global and national data protection officers
- Network of privacy advisors

Privacy protection

As a leading provider of information and communication technology, privacy is an important element in products and services delivered by Ericsson. Ericsson's product and business processes aim to ensure that human rights aspects of privacy and freedom of expression are respected throughout business operations (see chapter on Respect for human rights on pages 10–11).

Regulators have responded to the increased use of personal data with new and more comprehensive data privacy regulations such as General Data Protection Regulation (GDPR) in Europe. Customers are also becoming more aware of privacy consideration as media attention on the subject is high. Numerous countries have already adopted stricter regulations and it is expected that even more countries will adopt GDPR-like regulations on data privacy and that requirements on Ericsson will increase.

Ericsson is committed to protecting the privacy of personal information, including personal information relating to employees, business partners including suppliers, external workforce, customers and end users. As opportunities to use personal data to improve products, solutions and services are growing fast so are the privacy considerations.

Privacy is part of the Ericsson Code of Business Ethics (CoBE). To fulfil the commitment set out in the CoBE and meet regulators' and customers' requirements, Ericsson will move toward a state of assured full compliance to relevant privacy regulations, including ways to showcase its compliance fulfilment.

In 2020 Ericsson adopted GDPR as a global baseline even outside EU, with local adaptations where necessary. The privacy strategy is company-wide in scope, covering all aspects of privacy, including all processing of external and internal personal data across the GDPR dimensions Product Privacy, Data Processor and Data Controller.

Governance, risks and management approach

The overarching Group Privacy strategy serves three important roles i) promote strategic decisions at a higher level ii) facilitate communication of Ericsson's privacy approach, and iii) increase organizational alignment around privacy. This strategy is complementary to any unit-specific security strategies such as within Group Function Technology and Group Security, and the overarching compliance activities, other Strategies cannot deviate from the Group privacy Strategy but need to be aligned.

The Chief Privacy Compliance Officer/ Group Data Protection Officer leads the strategy formulation process and align strategy revisions with relevant stakeholders across the company. Any updates to this strategy will be revised by the Group Enterprise Security Board and Product and Technology Security Board and then approved and owned by the Group Compliance Committee. Ericsson also has a local Data Protection Officers, as part of its governance structure.

In order for Ericsson to achieve its Security and Privacy ambition for products, the Company has worked on the systematic development of a model to incorporate security and privacy considerations into all phases of product development. The Security Reliability Model (SRM) is one example that provides a governance framework specifically for security and privacy by design for Ericsson's products and embedded in the Group Privacy strategy.

As of 2020 Privacy compliance is driven by Group Privacy Compliance Office. Further, Ericsson re-organized the management and responsibilities of Privacy compliance within the Company and defined its Privacy Strategy and a Privacy Compliance framework. Setting key performance indicators is part of implementing the framework.

Risk management

As a company, Ericsson faces several privacy risks, most notably breach of customer contracts, privacy breaches, and due to the diverse nature of privacy regulations worldwide, non-compliance with regulatory requirements. There is a constant need for improvement to mitigate the risks to which the company is currently exposed. Customers and end-users demand that companies handling their personal data do so with care and expect ethical behavior related to the processing of their data.

Main risks include:

- Workforce or third-party failure to comply with privacy laws, regulations, stakeholder expectations and Ericsson's related policies.
- New or fast-changing stakeholder or regulatory requirements.
- Diverse nature of privacy regulations worldwide and implementing challenging and sometimes conflicting regulatory requirements.
- Handling 24/7 global data flows with more stringent cross border data transfer requirements and/or localization.

Health, safety and well-being

Nothing is more important to Ericsson than its people. The Company is committed to providing a safe and healthy work environment for employees and the employees of suppliers through its global strategy, focused programs and ambitious targets. Ericsson maintains a strong focus on reducing risks to health, safety and well-being by adopting and strengthening safe behaviors and reinforcing a positive safety culture. The Company has a global program called Ericsson Care, which features a proactive agenda that reaches beyond legal compliance, international standards and related customer requirements.

In 2020, the Company's response to the COVID-19 pandemic was a primary focus for Ericsson management. The response included actions to monitor the impact on employee well-being specifically focusing on mental health including employee pulse surveys and upskilling managers. Furthermore, the Company broadened its well-being interventions and assets to help employees maintain good levels of health e.g. employee assistance program, mental health training and awareness resources.

Well-being in focus

Ericsson believes that well-being empowers employees to perform better and deliver on the Company's business strategy. The well-being program is part of the holistic Ericsson Care framework, and it includes four areas: physical, emotional, financial and social well-being.

In 2020, Ericsson has established a systematic approach to well-being with tools and assets that are easy for employees to access through dedicated internal web portals with over 67,000 site visits. Further, during the year, Ericsson had two employee pulse surveys designed to assess its response to the pandemic. Results showed that the majority of the employees believed their productivity had not been significantly impacted by working remotely, felt well supported and that a genuine interest had been taken in their well-being. However, more than half of the Company's employees commented that their stress levels had increased. The top health needs recorded were healthcare, child or family care and job security.

Ericsson's well-being activities in 2020 had a key focus on stress and resilience to address these concerns and a home furniture package which was introduced to improve ergonomics

and home-office environment during this period of remote working.

Governance, policies and directives

Ericsson's approach and commitment to health, safety and well-being is summarized in the related Ericsson Group policy, available on the Company website.

Within Ericsson, health, safety and well-being issues are governed globally by two fora. The first is the Global Health and Safety Board, which drives the execution of the strategy and programs within the business and includes Ericsson's Executive Team members. The second is the Major Incident Review Board, which reviews performance and major incidents¹⁾ and consists of senior leaders in the organization. These fora are mirrored in market areas to support consistency, alignment and accountability.

The Company's Environment, Health and Safety organization is structured as an overarching global unit with health and safety organizations in each of the business areas and market areas. The global unit sets the strategy, policy, framework and requirements. The business areas develop processes, tools and solutions that aim to mitigate the risks in respective areas and based on the nature of their business. The market areas are responsible for deploying requirements from the global unit as well as managing local operational risks and driving initiatives focused on health, safety and well-being that encourage employee participation.

Ericsson's health and safety management system is certified to meet the OHSAS 18001 Occupational Health and Safety Assessments Series and covers the Company's entire business scope. In 2020, Ericsson initiated the transition from OHSAS to ISO 45001 (Occupational Health and Safety Management System).

Risk management

Ericsson's Health and Safety (EHS) Leadership Team conducts strategic risk and opportunity assessments annually in order to identify company-level risks and opportunities, prevent undesired consequences from risks and effectively evaluate control measures.

The input to the EHS strategic risk and opportunity assessment consists of results compiled and analyzed from market areas and business areas. It further includes, but is not limited to, potential hazards, legal matters, customer and stakeholder requirements, as well as concerns and learnings from incident investigations.

Based on the assessments, targets, key performance indicators and performance metrics are set and followed up at relevant levels across market areas, business areas and Group functions. Outcomes from assessments are also used in evaluating the effectiveness and adequacy of existing control measures to prevent incidents from happening.

The highest safety risks identified within the Company are driving, climbing and working at heights, as well as working with electricity. These risks continued to account for the majority of fatalities and major incidents in 2020 and are most relevant to field operations.

The primary health and well-being-related risks identified in 2020 are mental health, which includes stress and work-life balance as well as musculoskeletal and ergonomic risks. We see that these risks have been exacerbated in 2020 due to the COVID-19 pandemic.

As part of the Company's efforts to mitigate safety risks, any person working on Ericsson's behalf, including contractors, must have adequate health and safety competence, training and experience for their respective role. Ericsson identifies training needs and ensures provision of training based on the roles and risks to which each employee is exposed. A health and safety introduction course is mandatory for all employees. There are other courses with specific focus, such as the Safe Driving Awareness Course and the Zero Tolerance Safety Rules Course, available to all employees and suppliers.

Incident reporting

All health and safety incidents involving Ericsson employees and suppliers reported in the Global Incident Reporting Tool (GIRT) are investigated, including root-cause analysis to remedy damage and prevent reoccurrence. Ericsson encourages employees and suppliers' employees to report risks, hazards, opportunities, near misses and health, safety and well-being-related incidents transparently.

Deployment of a new GIRT commenced during 2020 designed to provide a better user experience, intelligent data analytics, seamless integration with other tools and modules and offline reporting of incidents, real-time notifications and trends. Health and well-being concerns related to working from home or remote working considerations are also intended to be captured in the new tool.

Activities performed

Ericsson has continued its Consequence Management Process, further enforcing the consistency and implementation of Company health and safety requirements with suppliers (see Graph 1). There has been a total of 162 violations by suppliers in 2020 with 65 being Red cards²⁾ and 97 Yellow cards²⁾ issued. The majority of violations occurred due to the incorrect use of Personal Protective Equipment (PPE), not following the correct procedures when working at heights, not performing the necessary risk assessments and lack of the correct certifications for supplier employees. The primary consequences that resulted from the issuing of Red and Yellow cards in order of volume were increased volume of quality inspections/audits, financial penalty, written warning, termination of business and reduction of business volume (see Graph 2).

In 2020, to further strengthen the Company’s approach to and awareness around health, safety and well-being, Ericsson held a virtual Ericsson Care Week in October. This is an annual company-wide effort to reinforce Ericsson’s commitment to this important topic. Due to COVID-19 pandemic, Ericsson has adapted its health and safety trainings and seminars to be delivered virtually.

Performance 2020 and target follow-up

The Company has already delivered on its target to Reduce major incidents by a minimum of 30% by 2022, from a 2019 baseline. During 2020, there was a 43% reduction in the number of major incidents, exceeding the target.

Further, Ericsson had a 36% reduction in fatalities compared with 2019, which is a continuation of the downward trend seen in recent years. The effectiveness of control measures taken for suppliers and Ericsson employees conducting field operations were contributing factors to this reduction.

In 2020 Ericsson also recorded a 47% reduction in incidents resulting in 45% reduction in lost workdays compared to 2019, which is consistent with the pattern of employees working from home due to the pandemic and the initiatives implemented by the Company throughout the year.

Ericsson wants to demonstrate its strong commitment to a safe and healthy workplace. Ericsson has established a new target set with 2020 as a baseline of Zero fatalities and lost workday incidents by 2025, see Target and focus areas 2021 below.

Target and focus areas 2021

The continued deployment of the Ericsson Care Program will support achievement of the new target of Zero fatalities and lost workday incidents by 2025. Highlights of the Ericsson Care program include:

- Enhancing safety leadership, knowledge and awareness across the organization.
- Further enhancements of processes and standardized ways of working.
- Engaging with employees and suppliers to create and foster a health, safety and well-being culture.
- Deploying a comprehensive and modular health and safety tool suite to enable better integration and digitization of processes.

- Further enhancements and standardization of supplier selection, onboarding and performance management process.

Ericsson will continue to expand on well-being activities including:

- Improved access to support from professionals if needed, for example, increased access to employee assistance programs.
- Ongoing training for employees and leaders to raise awareness of the importance of a mindset that prioritizes well-being.
- Digital solutions aimed at improving lifestyle behavior and encouraging habits that influence good mental and physical health.
- Implementation of a structure to drive engagement in well-being-related topics with employees.

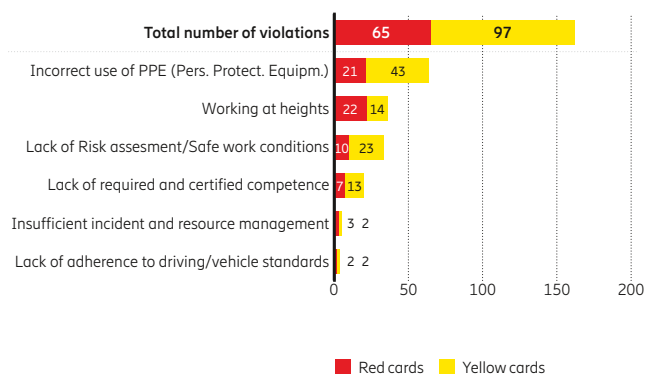
Main risks include:

- Failure to meet legal and stakeholder requirements.
- Failure to implement the Ericsson Care Program in a consistent and standardized manner across the globe.
- Lack of compliance to Ericsson’s health, and safety requirements in the supply chain.
- Increased musculoskeletal and mental health risks including stress and work-life balance.

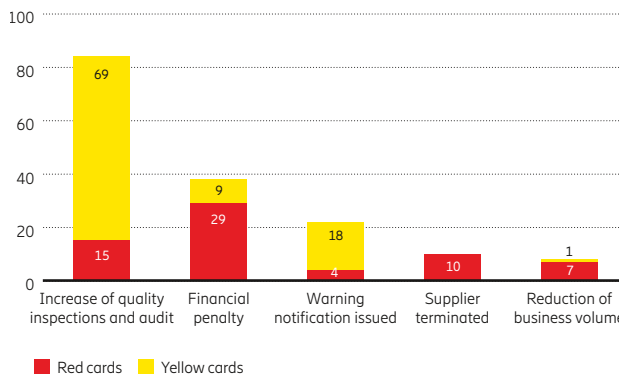
¹⁾ A major incident is defined as an incident that results in more than 3 lost work days.

²⁾ Red card and yellow card indicate the severity of the consequence issued to a supplier after a violation of our Health and Safety Standards. Red cards are used for serious breaches and carry significant consequences.

Graph 1: Supplier consequence management in 2020



Graph 2: Consequences applied to suppliers



Responsible management of suppliers

Managing the social, ethical and environmental impacts of Ericsson’s supplier base is part of the Company’s value chain approach. Regulations and stakeholder expectations in this area are increasing globally, which makes it an important topic for the Company. Ericsson is working with its suppliers to achieve continuous improvement aligned with the Company’s Sustainability and corporate responsibility strategy described on page 3.

Code of Conduct for Business Partners

Ericsson’s Code of Conduct for Business Partners (CoC) is the basis for Ericsson’s Responsible Sourcing program and covers four main areas: environmental management, human and labor rights, occupational health and safety and business ethics and anti-corruption. Ericsson offers free online trainings for business partners that cover the CoC in general as well as specific focus trainings on anti-corruption, conflict minerals and occupational health and safety. The CoC training was updated in 2020 in line with the latest updates to the CoC. Suppliers are required to complete a self-assessment as part of the on-boarding process in order to capture risk at an early stage. Suppliers not adhering to the CoC may be subject to termination of their contracts.

COVID-19 pandemic

During the COVID-19 pandemic, Ericsson focused on protecting its workforce, including its suppliers. The main risks from the pandemic related to responsible sourcing are forced labor and health and safety. Ericsson has communicated to its suppliers the importance of mitigating risks in these areas.

There has been limited effect on customer demand and therefore no significant reduc-

tions of orders from Ericsson to suppliers. The guidelines for both the internal and external workforce have been to work from home when possible. Ericsson has focused on stabilizing IT environments to provide for this option. Another impact of the COVID-19 pandemic has been delays of supplier audits.

Risk assessments, audits and compliance

Ericsson engages a third-party auditing firm to assess its suppliers’ compliance with the CoC. In 2020, 83 audits were performed on suppliers located in 36 countries. The program mainly focuses on the largest suppliers that together make up 90% of Ericsson’s purchasing spend. This represents approximately 3,000 suppliers out of Ericsson’s close to 19,000 Tier One suppliers. Among the 3,000, Ericsson determines which suppliers to audit with a risk assessment based on four criteria – country, business considerations, time since last audit and type of service or product provided.

In 2020, 99% of Ericsson’s suppliers were assessed through this approach. Ericsson views each audit as an opportunity for improvement, and suppliers are expected to address identified findings. For CoC audits during 2020, most of the major deviations concerned working hours and wages and benefits while most of the minor deviations were in hazards and health and safety.

Ericsson also performs supplier audits with internal auditors for Contract Compliance (CC) to verify adherence and compliance to supplier requirements. These audits are broader than the CoC audits and cover questions from the CoC and other topics such as security, trade compliance and business continuity management. In 2020, 23 CC audits were performed

and most findings were around health and safety, quality management, CoC and business continuity management.

Audits and other assessments are included in the supplier performance measurement framework applicable to key suppliers. In addition to the company’s own auditing programs, Ericsson uses the audit program of the Responsible Business Alliance (RBA). The Company is working to increase the share of suppliers participating in the RBA.

Due to the pandemic, audits have been delayed or postponed, leading to fewer total audits in the first half of 2020 and a slight increase in the second half. Of this reason, Ericsson performed remote audits, both for initial and follow up-audits. The remote procedure has been satisfactory and will continue. However, they are not fully able to replace on-site audits, which are more comprehensive.

Occupational health and safety

The Company believes that Occupational Health and Safety (OHS) incidents are preventable. Ericsson’s sourcing process and ways of working are being reviewed as part of the Ericsson Care program in order to reduce OHS risks. The suppliers that are most exposed to OHS risks are within the Site Services category. The Company’s consequence management program applies to Site Service suppliers and aims at strengthening compliance and improving safety standards, as well as encouraging and facilitating reporting of non-compliance. In 2020 the most frequent findings and violations regarding Site Service suppliers were related to climbing and incorrect use of personal protective equipment. More information on pages 14–15.

Risk assessment and audit planning



Thousands of suppliers

Identification of critical ones

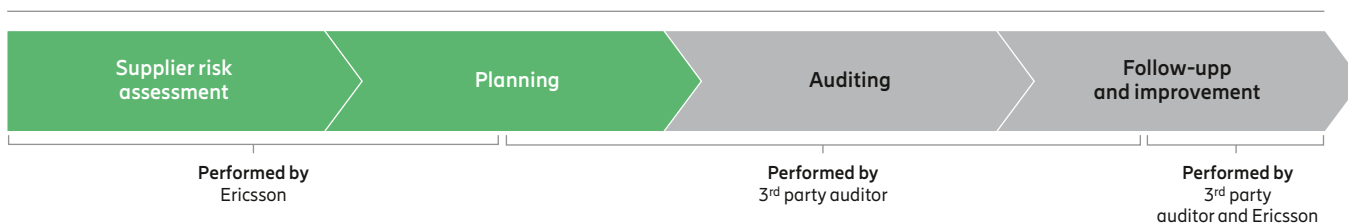


Risk assessment

- Top 90% spend
- Geographical risk
- Type of service or product
- Audited within past 2 years
- Business considerations



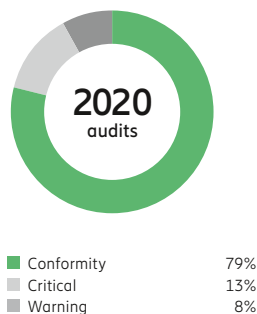
Planned yearly or according to a rolling schedule



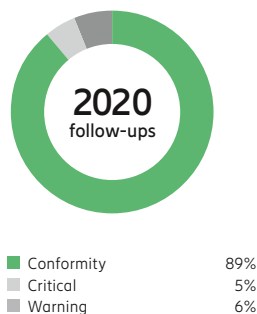
Business ethics and anti-corruption

In 2020, Ericsson launched an enhanced Third-Party Management Process in several regions. The new process is designed to secure effective identification and management of potential bribery and corruption risks in the supply chain and in sales. Ericsson plans to roll-out the improved process to the remaining regions in early 2021. The process is designed to ensure that the Company's suppliers and partners are identified, assessed for risk, and subjected to appropriate vetting. The global roll-out will be supported by additional tools to assist in automating and documenting the process. Ericsson will also continue to automatically screen its suppliers on a weekly basis. The screening covers regulatory, financial, environmental, social and labor issues, along with adverse media coverage and watchlists that include politically exposed persons, sanction lists and state ownership. Alerts are monitored and reviewed in the screening process.

Performance of audited suppliers



Performance of audited suppliers' after follow-up



Human and labor rights

In 2020 Ericsson finalized a list of the supply chain-related salient human rights issues based on internal and external expertise as well as stakeholder consultations, audit results, and a comprehensive analysis of its supplier categories. The most relevant risks included forced labor, living wage, working hours, non-discrimination, OHS, conflict-related impacts such as sourcing of raw materials, freedom of association and the right to collective bargaining. Ericsson's Modern Slavery and Human Trafficking Statement is available on Ericsson's website.

Environmental management

Ericsson has environmental requirements for its business partners that cover manufacturing, transport, energy use, GHG emissions, chemicals in manufacturing, product chemical content and water and waste management. The most significant environmental aspects identified in the supply chain are associated with suppliers' carbon footprint and the generation of waste and are coordinated through the Company's Circular Economy and Portfolio Sustainability Program (see page 20).

Ericsson has set a target for high emitting and strategic suppliers to set their own 1.5°C aligned climate targets. By the end of 2020, 35 out of the suppliers in scope, have committed to setting such target, see page 21. To further promote climate action in global supply chains, Ericsson was one of the initiators and founders of the 1.5°C Supply Chain Leaders. Within this initiative, the Company supports the newly launched SME Climate Hub, which was formed to encourage climate action across small and medium-sized enterprises.

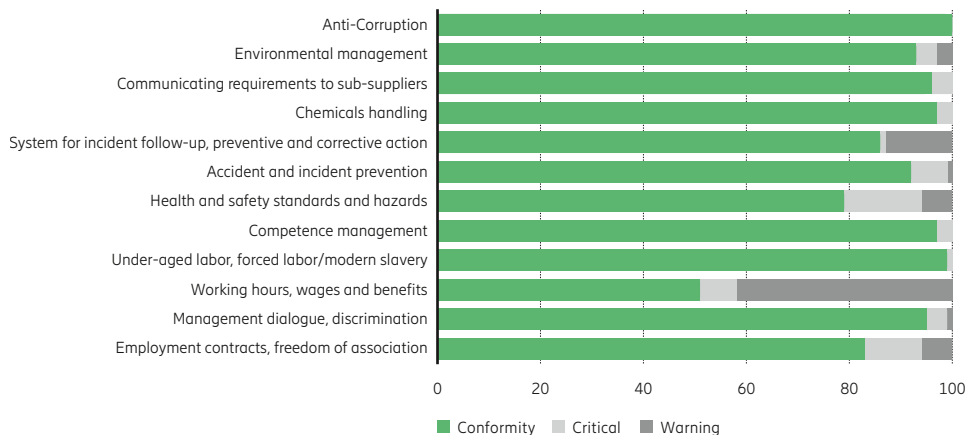
Raw materials sourcing due diligence

Ericsson's approach to sourcing of minerals and metals is in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). In addition to tin, tantalum, tungsten and gold (3TGs), cobalt was added to the list of minerals for which Ericsson requests information from suppliers. There are often several tiers of suppliers between Ericsson and smelters or refiners of minerals, and Ericsson does not normally have a direct purchasing relationship with them. As a member of the Responsible Mineral Initiative, the Company has supported the system for certification of smelters and refiners (RMAP). To increase transparency, Ericsson is now reporting reasonable country of origin of conflict minerals in its Company's Conflict Minerals Report prepared under the US Dodd-Frank Act available on Ericsson's website.

Main risks include:

- Workforce or third-party failure to comply with Ericsson Code of Conduct for Business Partners.
- Failure to sufficiently trace, report on, or verify the origins and sourcing of materials use, including conflict minerals, in the manufacturing of Ericsson's products.
- Changed or new regulatory requirements could adversely affect availability and pricing of materials used in the manufacture of products.

Performance of audited suppliers after follow-up, per audit area, %



Diversity and inclusion

Diversity and inclusion (D&I) are fundamental to Ericsson's company values, culture, and future business success. In a year marked by a global pandemic and large-scale social unrest, Ericsson has strengthened its conviction that having an inclusive and diverse workplace is a business and ethical imperative.

2020 was a pivotal year for Ericsson's D&I journey, filled with reflection, data analysis and new strategy development. The organization embarked on a comprehensive review of its approach to D&I with the intent to re-focus, re-invest, and accelerate its efforts in a more targeted and intentional manner to create a more inclusive and representative workforce. Building on initial investments in behavioural science in 2019 and early 2020, Ericsson committed to adopting an evidence-based, behavioural approach to D&I across the company.

We strive to have an inclusive and fair workplace, creating space for our people to bring their unique perspectives.

Ericsson has committed to a series of investments including de-biasing of its people processes, an analysis of employee compensation from a pay equity perspective and the formation of a dedicated Central D&I Team.

Governance and management

Group Function People is responsible for D&I for the enterprise, including the strategy and ongoing development of people policies and initiatives which are executed locally. In 2020, a new D&I governance and management structure was proposed and will be adopted in 2021, shifting accountability out to the business units so that D&I could be more holistically integrated into the business strategy. Ericsson will continue to focus on increasing female representation across the company, extending focus of representation to other minority groups. During 2020, time was spent designing a central D&I Team to support the units, and this work will continue into mid-2021 with the hiring of locally dedicated D&I resources.

2020 Performance

Ericsson had a 2020 target to increase female representation to 30% across the organization. While the Company has exceeded that goal in the Executive population (~32% women), the overall company representation

remained at ~25% in 2020, and Line Managers increased 1% (21%).

Ericsson's aim to achieving gender balance by 2020 was driven by ambitious, local recruitment targets, increased awareness raising, and activation through local and global initiatives. The year 2020 was spent investing in expertise to develop a new approach to D&I as well as launching several foundational initiatives that will deliver continued impact over time. Some achievements this year included:

- Establishing ALTitude, a leadership acceleration program for women. 52% of initial participants have experienced a role change or promotion since completing the program. 94 new women candidates were nominated to join ALTitude in 2021.
- Successfully completing a series of behavioural science experiments designed to reduce bias and barriers faced by women in both the recruitment and performance management processes. Additional inclusion experiments are underway or in planning process for 2021
- Launching a comprehensive transformation of Ericsson's recruitment process with the objectives of improving the end-to-end experience, increasing speed of hire and reducing bias – all of which will help to achieve Ericsson's aspirations to accelerate Diversity and Inclusion.

While ongoing recruitment efforts continue to target women and other underrepresented groups, the Company is also committed to developing our existing underrepresented talent. The following statistics demonstrate progress Ericsson has made to increase gender, generation, and nationality representation on leadership teams across the company:

- Executive development programs included 25% female participants.
- Global leadership development programs included 25% women, and representation from over 118 nationalities.
- Ericsson's 10th consecutive NextGen Advisory Council, a diverse group that advises the Executive Team on critical business matters, included 57% women and representation from 5 nationalities.
- The Ericsson line manager population included 21% women, and representation from over 75 nationalities.

In addition to the focus on representation and leadership development, Ericsson continued to expand its community of Employee Resource Groups (ERG's), significantly present in Market Area North America. Local Ericsson volunteers lead these groups created to promote belonging among underrepresented employee groups and to help progress the company-wide diversity and inclusion agenda. ERG members support, promote and drive a diverse working environment, providing the organization with their unique perspectives and local insights.

Main risks include:

- The COVID-19 pandemic and its global impact on schools and family life are slated to disproportionately impact women, potentially increasing female attrition rates.
- Limited availability and fierce competition for female STEM (Science, Technology, Engineering and Mathematics) talent will challenge recruitment efforts.
- Many of Ericsson's largest employee populations are based in regions with endemic gender inequality and social norms that impede attraction and career development for women.

¹⁾ Employees reporting to Executive Team members.

Radio waves and health

In all mobile networks, including 5G, connected devices communicate with base stations using radiofrequency electromagnetic fields (EMF), also known as radio waves. Since the adoption of mobile telephony in the 1990s there has been some public concern that the radio waves from mobile phones and base stations may cause adverse health effects. Expert groups and public health authorities, including the World Health Organization (WHO, fact sheets 193 and 304), have reviewed the available science and concluded that no health effects are associated with radio wave exposure from either mobile phones or radio base stations complying with international limits.

Most national authorities have adopted international science-based radio wave exposure limits. These limits have been set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) and include wide margins to provide a high level of protection for all people against substantiated adverse effects on health. Based on a thorough review of relevant scientific literature, ICNIRP published in March 2020 a revision of its guidelines. The limits are largely unchanged and confirm the safety of the limits that mobile communication equipment currently comply with. As stated by ICNIRP, the guidelines cover 5G technologies as well as all currently used radio technologies.

Governance, risks and management approach

Ericsson Research, within Group Function Technology, is accountable to manage and drive research in this area. In accordance with Ericsson’s Electromagnetic Fields and Health Policy, Ericsson’s radio products are tested in Ericsson Research’s EMF Laboratory for compliance with relevant EMF regulations

and standards before they are delivered to the market. The EMF Laboratory complies with the international standard ISO/IEC 17025 that specifies general requirements for the competence of testing laboratories, and it is accredited by the Swedish accreditation authority SWEDAC.

In order to maintain confidence and integrity in tests and results, the EMF Laboratory is independent of other parts of the Company and the Head of the EMF Laboratory reports directly to the Head of Ericsson Research. This complies with the requirements for impartiality and independence in ISO/IEC 17025.

The EMF exposure levels from base stations in places where people normally reside are typically less than a percent of international limits, since the intensity of radio waves drops quickly with distance. It is only in the proximity of the antennas that EMF limits may be reached, and based on the tests that Ericsson Research is conducting, the Company provides information to customers on how to install base stations to secure that unauthorized people do not have access to those areas.

The safety of Ericsson employees, customers and suppliers when testing, installing and maintaining the radio products is important to Ericsson. An available internal standard describes the minimum requirements for work on behalf of Ericsson in areas where exposure to EMF may occur to ensure that the health and safety aspects are properly managed. Ericsson also provides information on radio waves and health to customers, the public, and other stakeholders, and supports research to further increase the knowledge in this area.

A summary of the EMF and health research that has been co-funded by Ericsson since 1998 is available on the Company’s website.

2020 performance

Ericsson develops products and solutions for 5G mobile communication networks and designs and tests 5G products for compliance with EMF standards and regulations. The Company is also involved in the development of international technical standards for testing and installation of 5G products to ensure compliance with EMF limits for the general public and workers.

In 2020, Ericsson has conducted research together with customers to determine the actual EMF exposure levels from 5G base stations and user equipment. Scientific papers describing the results were published in open access journals. These studies help regulators and researchers to accurately assess the radio wave exposure levels from 5G equipment.

To address the concern that some people have about the safety of 5G networks as well as the spread of misinformation and disinformation, the Company has made available additional information on its website, including links to fact-based information from governmental authorities and international expert groups. In the beginning of the year, conspiracy theories about a link between 5G and COVID-19 were spread on social media which led to vandalism against base station sites in many countries. Actions to stop the spreading of this disinformation were rapidly taken by WHO, ITU and several governmental agencies that strongly condemned the disinformation and made it clear that 5G mobile networks are not linked to the spread of the virus. Ericsson made available links to these fact-based statements on its website.

5G, electromagnetic fields and health

All 5G frequency bands are covered by current EMF safety standards and limits

5G devices and base stations need to meet the same EMF safety requirements as current equipment

The total EMF exposure will remain low compared to international EMF limits also with 5G

WHO and other health agencies have concluded that no health effects have been established from exposure to radio waves used for mobile communications

Main risks include:

- Perceived health risks related to radio frequency electromagnetic fields may increase regulatory requirements and cause infrastructure deployment delays.
- Perceived risk or new scientific findings of adverse health effects from mobile communication devices and equipment could impact Ericsson through a reduction in sales or through liability claims.

Environmental sustainability

Climate change is the most urgent long-term global challenge, and since environmental topics are interrelated, companies need to take a holistic approach. Expectations and requirements on companies have increased dramatically during the past years. Proactive management of topics relating to climate action and environment is a core component of Ericsson's Group strategy.

Ericsson focuses on a circular economy approach where product design, sustainable materials management and the energy efficiency of its products – as well as reuse, refurbishment and recycling – are key areas of importance. Ericsson's work on environmental sustainability is divided in the following areas:

- Implement a circular economy approach to product design and material use.
- Reduce Ericsson's own emissions.

- Increase the energy performance of Ericsson products and solutions.
- Demonstrate how Ericsson's business and products can enable society and other industries to reduce their emissions.

The Company remains committed to supporting the Paris Agreement and is also working through partnerships to scale global climate action to limit global warming to 1.5°C, as described by Intergovernmental Panel on Climate Change (IPCC), and has set targets that have been approved by the Science Based Target (SBT) Initiative.

Ericsson is an active contributor to consultations on environmental sustainability strategies presented by the EU Commission under the European Green Deal umbrella. In 2020, Ericsson has increased its efforts to monitor and advocate for upcoming legislative

proposals affecting Ericsson through industry organizations such as Digital Europe.

Ericsson has incorporated environmental sustainability into the business. This work is driven through a company-wide Circular economy and portfolio sustainability program, governed by the Company's Executive Team. The scope of the program is to accelerate and fully integrate circularity and sustainability-related aspects of the Company's products and services. The program is cross-functional and includes six workstreams that have the highest impact on Ericsson's environmental sustainability strategy and execution. The six workstreams are: Climate action, Energy performance, Circular economy, Material and substances, Responsible sourcing and Position and standards.



An Ericsson Interleaved AIR 3237, allowing 5G network deployment without the need to occupy additional space on a site by the integration of a 5G Massive MIMO radio with a conventional antenna.

Ericsson’s approach to climate action

Ericsson’s climate action approach and target setting for its own operations and industry impact, is based on research. For over two decades, Ericsson has conducted research on how the Information and Communication Technology (ICT) sector impacts the environment and society and on how its products can be used to enable global greenhouse gas emissions reductions. Ericsson collaborates with universities and businesses and publishes research in peer-reviewed articles in scientific journals, reports and at conferences.

Ericsson’s carbon footprint and targets

The environmental impact and carbon footprint of Ericsson’s value chain are quantified based on life-cycle assessments of products and through extensive research on ICT industry impact. In 2020 Ericsson Research showed that the lifetime energy usage from Ericsson’s delivered products corresponds to over 82% of the Company’s total carbon footprint.

Ericsson takes a holistic approach to climate action and uses its carbon footprint to set targets within the whole value chain. The Company has set targets on:

- Its supply chain: Ericsson will engage with around 350 of its high emitting and strategic suppliers to set their own 1.5°C aligned climate targets by 2025. See pages 16–17.
- Its own operations¹⁾: Ericsson has set a carbon neutral target for direct operations by 2030 (scope 1 and 2). See pages 22–23.

- Its own activities²⁾: The Company has a 1.5°C-aligned SBT for its activities (including fleet vehicles, facility energy usage, product transport and business travel) to reduce emissions by 35% in 2022 against a 2016 baseline. See pages 22–23.
- Ericsson has a 1.5°C aligned SBT for its products with 35% energy saving in Ericsson Radio System (ERS) by 2022 versus the legacy portfolio in 2016. See page 24.

Climate advocacy for a 1.5°C future

All sectors need to decarbonize, and even if the ICT sector footprint is relatively small (1,4% of global³⁾), the sector’s carbon footprint could be reduced by over 80% if its consumed electricity came from renewable energy sources⁴⁾. However, companies cannot only work with their own carbon footprint. Hence, Ericsson is working globally to advocate for climate action within its own sector in order to influence climate action in society.

In 2020, to support the transition for the ICT sector, the International Telecommunication Union (ITU), Global System Mobile Association (GSMA) Global Enabling Sustainability Initiative (GeSI) and SBT Initiative, released a standard and guidance report to support ICT companies to develop 1.5°C aligned targets. Ericsson Research was a major contributor to this standard.

Exponential Roadmap

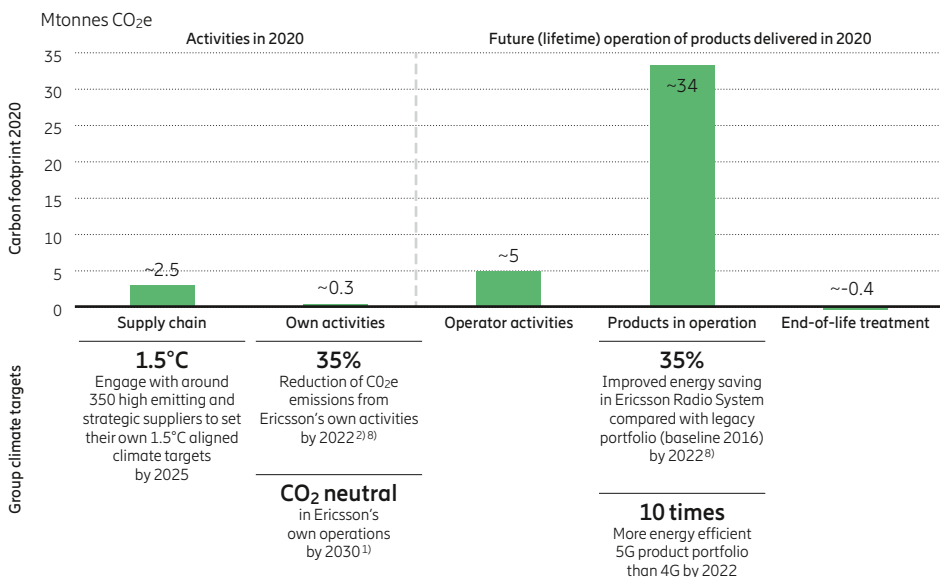
In 2020 the Company continued its engagement in the Exponential Roadmap Initiative for climate action. Ericsson also founded the 1.5°C Supply Chain Leaders group together with Telia, BT Group, IKEA and Unilever. The objective is to create exponential climate action in global supply chains. The initiative is also committed to supporting the International Chambers of Commerce’s SME Climate Hub⁵⁾. These initiatives were launched during New York Climate Week. Also, Exponential Roadmap Initiative became an official partner to the UN Race to Zero campaign⁶⁾ in 2020.

Together with Ericsson, Exponential Roadmap Initiative developed the 1.5°C Business Playbook to establish an holistic approach to climate action for all companies. The playbook was released during World Economic Forum 2020 and provides a framework on how companies and organizations of all sizes can fully integrate climate action in their business strategies and reach net-zero emissions. The Exponential Roadmap Initiative is building an ecosystem around the playbook and recruiting companies that want to act, over 55 companies have joined.

Main risks include:

- Uncertainties in the long-term impacts of climate change including extreme weather events and new or changed requirements and expectations from stakeholders or regulators.

Ericsson’s carbon footprint and climate targets ⁷⁾



¹⁾ Own operations include: fleet vehicles (Scope 1) and facility energy usage (Scope 1 and 2).
²⁾ Own activities include: facility energy usage, fleet vehicles, business travel and product transportation.
³⁾ See: <https://www.mdpi.com/2071-1050/10/9/3027/pdf>
⁴⁾ See: <https://www.itu.int/rec/T-REC-L.1470-202001-1/en>
⁵⁾ See: <https://smeclimatehub.org/>
⁶⁾ See: <https://unfccc.int/climate-action/race-to-zero-campaign#eq-1>
⁷⁾ Emissions upstream and downstream in the value chains are estimated based on the LCA of the company’s carbon footprint.
⁸⁾ Science Based Target (SBT) approved by SBT Initiative.

Ericsson's own carbon emissions

Within Ericsson's own activities, the Company reports on carbon emissions ¹⁾ from facility energy usage, fleet vehicles, product transportation and business travel. Although not included in "Own activities", Ericsson also provides an estimation of emissions from employee commuting. Emissions are reported in line with the Greenhouse Gas Protocol, and decarbonization of Company activities remains a key priority.

Performance and activities

The Company's Science Based Target (SBT) of 35% emission reductions from its own activities by 2022, from a 2016 baseline, is in line with the 1.5°C trajectory. In 2019, Ericsson further announced the intention to become carbon neutral by 2030 in its own operations including fleet vehicles (Scope 1) and facility energy usage (Scope 1 and Scope 2), as defined by the GHG Protocol Corporate Standard.

During 2020, Ericsson continued to work to reduce absolute emissions within the targeted areas. Where possible, Ericsson aims to introduce 100% renewable energy supply at its facilities. For fleet vehicles, the shift to fossil fuel-free alternatives is the main way to reduce the emissions, together with adopting operational activities, such as minimizing trips to sites when possible.

During 2020, in absolute terms, the Company achieved a reduction of approximately 317 Ktonnes of carbon emissions compared to a 2016 baseline, which represents a 57% reduction. The reduction is partly due to company emission reductions efforts and partly due to COVID-19 pandemic restrictions during the year.

Facility energy usage

In Ericsson's real estate portfolio (offices, production sites, datacenters and test labs), there was an overall reduction of carbon emissions, from 135 Ktonnes to 81 Ktonnes in 2020, derived from facility energy usage. This represents an approximately 40% reduction compared to 2019. To reduce emissions, Ericsson took targeted actions to reduce energy consumption and prioritize the

procurement of renewable energy in countries where this is available. Green electricity now amounts to 68% of the total electricity consumption. Ericsson's new climate target has been set to achieve 100% renewable energy by 2030.

In 2020, Ericsson's real estate portfolio was reduced by over 5% in total square meters compared to 2019. However, during the COVID-19 pandemic, offices have still operated as usual, so the Company saw no large reductions in emissions from facility energy usage, see Commuting and teleworking.

Ericsson's global facility management providers are now servicing the Global Portfolio and have agreed on targets to further reduce energy consumption for office related operations. Targets for each facility management providers are now implemented globally.

During 2020, Ericsson opened its smart factory in Lewisville, US, which is designed to be up to 24% more energy efficient than a comparable factory in the US. In the factory, Ericsson implemented innovative energy saving technologies such as friction-free magnetic levitation refrigeration and thermal energy storage banks, where 17% of the power required is produced by onsite solar panels. The smart factory will be the first Ericsson facility globally to achieve both LEED Gold and LEED Zero Carbon certifications.

Fleet vehicles

In 2020, Ericsson's fleet vehicles for operational activities included around 6,000 cars. The carbon emissions related to fleet vehicles for 2020 was 33 Ktonnes, a 13% reduction from 2019. In 2020, Business Area Managed Services and Business Area Networks introduced a program to decarbonize fleet vehicles for operations in line with the Company's carbon neutral target. The activities include, for example, transforming the operational fleet to fossil fuel-free alternatives and global roll out of a Fleet Management System to all market areas including introducing telematics to operational vehicles. This will improve fleet management with more reliable and automatic data collection as well as improving the frequency and accuracy of carbon emissions

data collected from fleet vehicles. COVID-19 pandemic has increased the amount of in-person service required for global networks. Despite this, carbon emissions from the Company's fleet have still gone down, as other factors have led to a reduction in the number of cars needed. These factors differ between market areas and include reworked contracts, new and more efficient vehicles and a move from long-term leases to short-term rentals.

Product transportation

In 2020, the carbon emissions for product transportation sourced by Ericsson was 112 Ktonnes, a 19% reduction from 2019. During 2020, a resilient and regionalized supply chain strategy execution was in focus to shift from air to surface transport modes. This has resulted in a positive reduction in emissions even though the Company has been using air-chartered solutions for deliveries to factories due to supply chain challenges caused by the COVID-19 pandemic. In 2020, the Supply Sustainability Program was launched and the Company started to further define and execute supply emission reductions activities including mitigation and measurement activities.

Business travel

The carbon emissions from business travel in 2020 were 17 Ktonnes which corresponds to a decrease of 85% since 2019. Over the past several years, Ericsson has been actively working with its IT infrastructure to provide digital solutions that improve accessibility to digital meetings as a replacement for certain types of business travel, for example, travel for internal purposes. Thanks to this work, Ericsson managed a fast transition to a work-from-home Global policy during the COVID-19 pandemic, and approximately 85,000 people from the Ericsson's workforce have been working from home in 2020. For most of the year, there has been a global travel ban, which had the biggest impact on the emissions reductions from business travel. The Company will continue its work to keep business travel to a minimum, even after the easing of restrictions.

¹⁾ Carbon emissions refers to greenhouse gas emissions calculated as carbon dioxide equivalents (CO₂e).



Ericsson 5G smart factory in Lewisville, US.

Commuting and teleworking

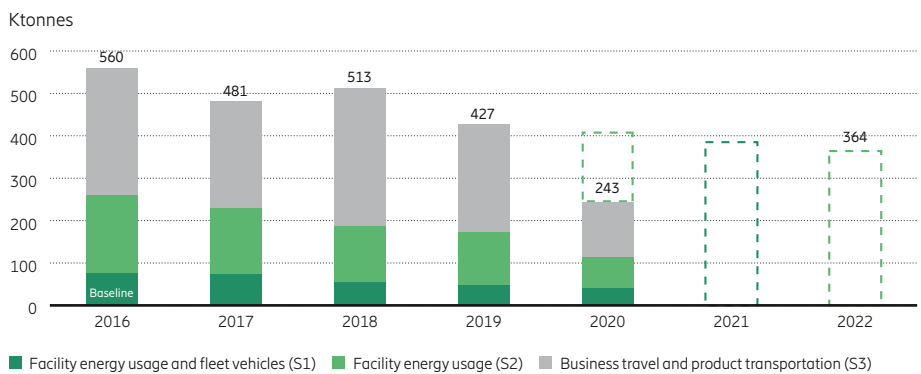
The possibility for Ericsson employees to travel between their homes and their worksites, has been impacted due to COVID-19 pandemic Company restrictions. This development shifted the Company's commuting estimates in 2019 from 60 Ktonnes CO₂e to 20 Ktonnes. Further, having a majority of Ericsson's workforce working from home, there was also a pandemic-related shift to teleworking-

related emissions from emissions related to commuting. Emissions from teleworking are calculated based on historical office energy consumption, geographical distribution and local emission factors. It is estimated that teleworking-related emissions during 2020 were about 10 Ktonnes. Consequently, the net effect of changes in commuting and telework has been a reduction by 30 Ktonnes compared with 2019.

Main risks include:

- New or changed requirements from stakeholders or the regulatory environment related to Ericsson's own activities.
- Absence of scalable sustainable climate solutions in some regions could adversely impact Ericsson's own activities strategy and target fulfilment.

Carbon footprint target in Ericsson's own activities¹⁾



¹⁾ Ericsson's own activities including facility energy use (S1 and S2), fleet vehicles (S1), business travel (S3), and product transportation (excluding commuting, S3).

Network energy performance

Energy use in network operations remains a priority for Ericsson and its customers. There are concerns in the industry that 5G will dramatically increase total mobile network energy use if deployed in the same way as 3G and 4G, in which Telecom operators often added new equipment while keeping existing network assets. This method is not sustainable from an energy cost and environmental perspective. Ericsson is consistently working to improve the energy performance of its portfolio to help the mobile industry meet current and future traffic demands while simultaneously addressing network energy consumption and related carbon emissions.

Breaking the energy curve

In 2020 Ericsson released its “Breaking the energy curve” report that presents an innovative approach to addressing increasing energy consumption in mobile networks.

Ericsson has for a long time driven energy performance as one of the key requirements in standardization. The 5G standard is designed to enable high performance and low network energy consumption. 5G is designed to allow the mobile system to use smart sleep modes more effectively and extend coverage by using lower bands while increasing capacity and speed with carrier aggregation. Fast and effective data transmission enables the system to return to a low-load state faster.

The “Breaking the energy curve” report provides a holistic approach in how to introduce 5G, with all its benefits, while managing the mobile network energy use across core, transport, radio access and site equipment. It provides insights into ways to utilize energy savings offered by the Ericsson portfolio. This will be accomplished through modernization of the installed base and right-sizing 5G equipment for the new frequency bands,

combined with use of energy saving software and intelligent remote site management of passive site equipment such as batteries, climate control units and diesel generators.

In 2020 Ericsson introduced Energy Infrastructure Operations, a multivendor operation solution that enables all base station site elements to be visible, measurable and controllable in order to enable remote and intelligent site management. The offering is based on data from Ericsson Smart Connected Site’s smart enclosures or separately deployed site controllers, connected to all relevant passive infrastructure. Using AI and data analytics, Energy Infrastructure Operations increases operational and energy efficiencies of the radio network and enables less site visits. This results in OPEX and carbon emission reductions across multiple layers, while maximizing site availability.

Improving energy performance

Increased energy performance of Ericsson’s products and solutions offering is a key enabler to lower customers’ total cost of ownership and network related carbon footprint. From a lifecycle perspective, the main portion of Ericsson’s carbon footprint comes from the energy use of delivered products.

Ericsson’s work with network energy performance, including energy efficiency and absolute energy consumption, is one of the workstreams within its Circular Economy and Portfolio Sustainability program. The Company has set the following targets for improved energy performance:

- Ericsson 5G energy performance target: By 2022, Ericsson’s 5G product portfolio will be ten times more energy-efficient for the same transferred data than its 4G portfolio (baseline 2017) for an enhanced mobile broadband (eMBB) use case. Results from

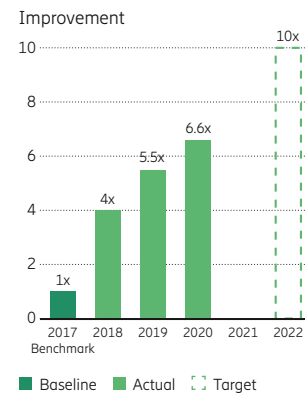
2020 show that the Company’s current 5G radios are already approximately 6.6 times more energy-efficient.

- Target on installed base modernization: Ericsson believes energy savings can be achieved by replacing less efficient equipment in a legacy network. Thus, Ericsson has set a target of 35% energy saving in Ericsson Radio System (ERS) versus the legacy portfolio by 2022 (baseline 2016). This target has been approved by the Science Based Target initiative. In 2020, the Company achieved a 34% energy saving from delivered ERS radios versus the legacy portfolio.

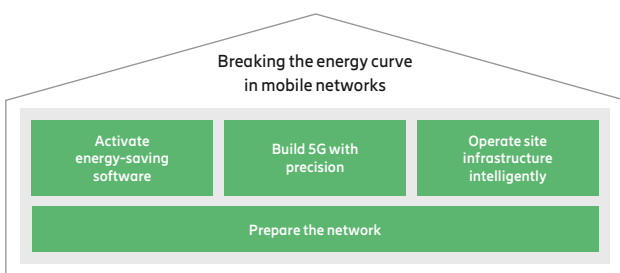
Main risks include:

- New or changed environmental requirements from stakeholders or regulators related to product energy consumption.

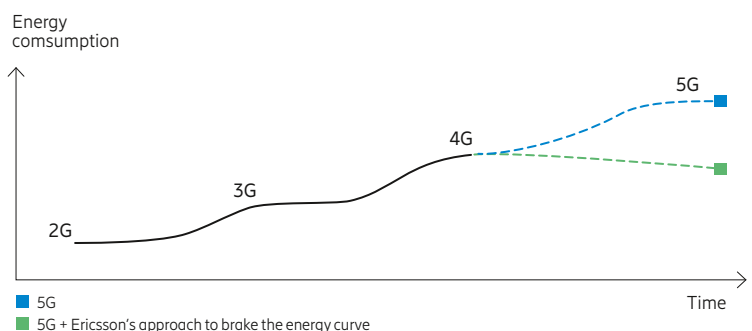
5G energy performance target



Ericsson’s holistic approach



Breaking the energy curve



Circular economy approach to design and material use

For Ericsson, efficient and sustainable use of materials is part of the circular economy approach, including responsible materials selection and product design, effective reuse and efficient recycling. This is a topic of growing importance for Ericsson’s stakeholders. Potential impacts are associated with resource exploitation such as mining of minerals and risks of pollution, as well as increasing requirements related to the presence of certain substances in products.

Waste from electrical and electronic equipment (e-waste) is one of the fastest growing waste streams in the world. Minimizing waste and increasing reuse, recycling and recovery is key in a circular economy context. The Green Deal for Europe, aiming to transform Europe to the first climate neutral continent, was published by the European Commission in December 2019, and during 2020 several legislative proposals and strategies have been released related to circular economy and product design.

The Company’s work in this area is based on more than 20 years of life-cycle assessments covering data on raw material extraction, design, manufacturing, transport, use of products and end-of-life management. Ericsson’s sustainability strategy addresses the development, manufacture and distribution of products, where circular business models and materials efficiency are key topics.

Efficient use of raw materials

The use of raw materials involves both risks, such as unwanted substance content, as well as opportunities, such as innovative materials that can impact energy and product performance positively. There is also an increased focus from stakeholders related to materials traceability in the supply chain and product content knowledge.

Environmentally conscious design has been an integrated part of the Ericsson product development process for over twenty years

to ensure that requirements from regulators, standards and customers are implemented. To secure compliance, enable substance phase-out and fulfill the Company’s design requirements, Ericsson requires its suppliers to adhere to the Ericsson List of Banned and Restricted Substances and collects full material declarations from its component suppliers. Principles such as product durability, upgradability, reparability, serviceability and recyclability are an integrated part of the Ericsson product-design and life-cycle management processes.

In 2020 the work within the Material and Design workstream of the Company’s Circular Economy and Sustainability Program continued to coordinate and drive design and material related topics in hardware product development. This includes topics such as material content and selection in order to minimize unwanted substances and promote the use of recycled materials, product modularity and packaging design.

During 2020 Ericsson also continued to launch new multi-band radios, which allows hardware weight to be reduced by approximately 40% compared with a single band implementation.

Circular economy business transformation

During 2020, Ericsson has continued to explore topics such as reuse and refurbishment of products in areas where Company has established a strategic direction in its portfolio offering to do so.

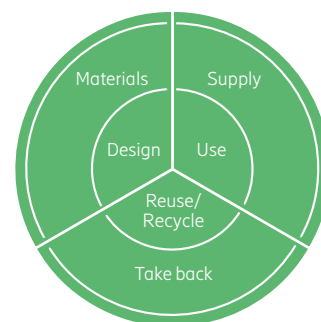
Producer responsibility

The Ericsson Group Product take-back directive steers the Company’s extended global producer responsibility for products that have reached their end-of-life stage. When end-of-life equipment is collected through the product take-back program, Ericsson works to secure data-wiping, compliance with relevant legislation and the delivery of a certificate of destruction to its customers. During 2020,

Ericsson’s take-back directive was updated. The update contains clarifications on the Company’s obligations and requirements to offer the product take-back program to all customers globally.

In 2020 the total weight of retrieved equipment was over 10,200 metric tons. As equipment is the property of the customer, the take-back depends on customer management of used equipment. Ericsson believes that improved standards and handling of used equipment are important activities to reduce the risk of privacy breaches due to poor data-wiping and uncontrolled recycling operations that cause environmental harm.

Ericsson circular economy approach



Main risks include:

- Materials scarcity and regulatory requirements may impact supplier ability to deliver components.
- Ericsson products at the end-of-life stage that do not enter its Product take-back program may end up in poorly managed waste treatment activities.
- Regulatory and customer requirements related to circularity may impact Ericsson’s product design and product development strategies.

Ericsson Refurbished Spares is a commercial offering focusing on buy-back, refurbishment and re-use of spare parts from used equipment, to create both customer and sustainability value. Ericsson refurbished spares’ quality is comparable to new ones and supports a more efficient way to utilize materials in a circular approach.



Digital inclusion

Through research and on-the-ground efforts, Ericsson understands the power of digitalization to address intrinsic societal needs and create positive impact at scale. At Ericsson, Digital inclusion means empowering people and societies through the digital infrastructure that the Company provides. This includes promoting established telecom standards and technologies as the most efficient infrastructure, helping customers to deliver sustainable and cost-efficient coverage as well as striving to enable everyone to enjoy the benefits of digital solutions and services.

Providing widespread access to mobile broadband offers unprecedented opportunities to improve social inclusion, sustainable innovation, economic growth and productivity. The rapid development in society through

digitalization depends on mobile broadband coverage in both urban as well as in sparsely populated areas. During the COVID-19 pandemic, connectivity has proven to be the backbone of society. This has resulted in a strong awareness across societal stakeholders of the need for universal internet access to minimize the pandemic impact on businesses and societies.

According to the International Telecommunication Union in the Measuring digital development Facts and figures 2020 publication, at the end of 2019, just over half of the world population was using the Internet. Ericsson is committed to working with customers, governments and partners to help address this digital divide. In most regions, the trend is towards increased access to mobile broad-

band, see figure on page 27. Yet there remains a widespread need to accelerate internet access for underserved populations, not only in emerging markets but also in developed regions of the world. Further, factors that limit the use of mobile broadband solutions – such as affordability and digital literacy – are key issues that need to be addressed.

The Company takes a proactive leadership role in a number of high-level advocacy forums and collaborates with a wide range of stakeholders to scale the impact of its sustainability efforts. During 2020, Ericsson began working on a comprehensive approach to digital inclusion, including the development of a strategy to accelerate efforts on accessibility, affordability and digital literacy related to mobile broadband coverage and uptake.



Children use their tablet and work with each other at the UNICEF-supported Debate e-Learning Centre in a village on the outskirts of Kassala, the capital of the state of Kassala in Eastern Sudan. ©UNICEF.UNI232328.Nooran

Access to mobile broadband

Ericsson’s long-term target is to provide internet access through mobile broadband to an additional 500 million subscribers by 2024 (baseline 2018), where Fixed Wireless Access is an efficient tool to provide internet access and close the digital divide. Since 2019, the number of subscribers that get access to internet through Ericsson’s mobile broadband solutions has increased by approximately 188 million.

Technology for sustainable development

Evidence shows that mobile broadband penetration contributes to Gross Domestic Product (GDP) growth. Ericsson previously participated in a joint research project with Imperial College in London. Results showed that, on average, a 10% increase in the mobile broadband adoption ratio causes a 0.8% increase in GDP. Moreover, the results also showed that the effect from mobile broadband is considerably larger and more significant in low income and Non-OECD countries compared to high income and OECD countries. A continuation of the work with Imperial College found that there is an economically and statistically significant correlation between IoT connections per inhabitant and productivity growth.

Advocacy

Ericsson advocates for accessibility and affordability in forums such as the Broadband Commission for Sustainable Development, the World Economic Forum, the Alliance for Affordable Internet and the Smart Africa Alliance. In these forums, Ericsson focuses on topics around spectrum policies and international investments as well as efforts towards connecting the unconnected and exploring other multi-stakeholder business initiatives to bridge the digital divide.

Ericsson is also engaged in capacity development with partners like the Swedish International Development Cooperation Agency (SIDA) and SPIDER, focusing on telecom authorities’ capacity building on spectrum management and to provide accessibility and secure telephony and broadband services.

Ericsson established a global three-year partnership with UNICEF to help map school connectivity in 35 countries by the end of 2023. This joint effort will support the Giga initiative, launched by UNICEF in 2019 with the International Telecommunication Union (ITU), aiming to connect every school to the internet by 2030. As one of the first strategic partners, Ericsson will help collect, validate, analyze, visualize and monitor school connectivity data in real time, as well as provide

financial support. Giga will assess the data and convene governments and the private sector to design and deploy digital solutions that will ultimately enable learning for children and young people everywhere.

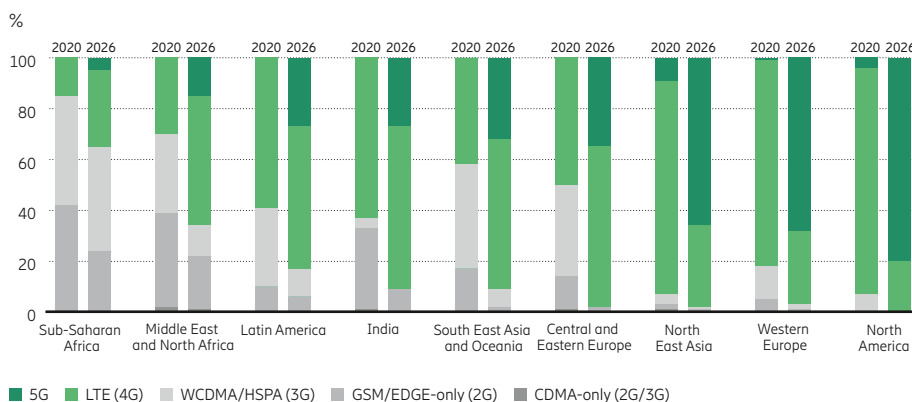
Public-private partnerships

Ericsson believes that public-private partnerships play a key role in its approach to sustainability and digital inclusion and drives two public-private partnership programs globally.

Connect to Learn is Ericsson’s flagship education program. For ten years, its purpose has been to empower teachers, students and schools through ICT solutions to deliver a quality 21st century education, as well as providing young people worldwide with digital skills and prepare them for a 5G future.

Ericsson Response program is a global volunteer initiative founded in 2000, aimed at responding to human suffering caused by disasters. Together with partners, Ericsson uses its core competencies to provide communication and support to help humanitarian workers save lives and support communities affected by natural disasters. During 2020, Ericsson has not received requests on emergency response from the humanitarian partners to the program. Ericsson and partners are continuously working to prepare the humanitarian response for future emergencies.

Mobile subscriptions by region and technology ^{1) 2)}



¹⁾ Ericsson Mobility Report, November 2020.
²⁾ Technologies with less than 1% of subscriptions are not shown in the graph.

Ericsson Volunteer Program

The Ericsson Volunteer Program continued its global roll-out and in 2020 the Company launched a volunteering option for all employees of one workday per year. Further, the option to volunteer in pre-selected projects (up to 80 hours annually) was rolled out in most countries where Ericsson has operations. At year-end, 3,790 employees had registered as volunteers in 88 countries. As a result of the pandemic, virtual volunteering opportunities have been made available.

Main risks include:

- Without policy frameworks in place supporting digital literacy, affordability and accessibility, new digital divides could emerge.

Board of Directors

Stockholm, March 3, 2021

Telefonaktiebolaget LM Ericsson (publ)
 Org. no. 556016-0680

Consolidated sustainability notes

S1 About the Sustainability report

This Sustainability and Corporate Responsibility report includes information about Ericsson's environmental, social and corporate governance aspects and impacts. Within this scope, the report presents information on targets, governance, policies, risks, opportunities, and performance on identified significant topics. The scope of the statutory sustainability report are pages 1–33 in the Sustainability and Corporate Responsibility report, and the description of Ericsson's business model on pages 4–8 in Ericsson's Financial report 2020.

Unless otherwise stated, the information and data provided pertain to activities undertaken from January 1, 2020, to December 31, 2020. The report covers the Ericsson Group, that is, Telefonaktiebolaget LM Ericsson and its subsidiaries. It excludes environmental information on the recent acquisition of Cradlepoint (see page 54 in Ericsson's Financial report 2020), for which sustainability related data has not yet been consolidated within the Group.

This report has been subject to assurance procedures by Deloitte AB as an independent third-party using international assurance standards ISAE 3000 and AA1000AS, see pages 34–35.

Reporting principles

The scope, content and quality of the Company's sustainability and corporate responsibility reporting are based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards and AA1000AP. This report has been prepared in accordance with GRI Standards: Core option. This includes applying principles for defining report content such as stakeholder inclusiveness, materiality and completeness, and reporting quality principles such as accuracy, balance, clarity, comparability, reliability and timeliness. By applying the GRI Standards, Ericsson aims to report sustainability-related information that is relevant to its stakeholders in a transparent and balanced way. The GRI Content Index can be found on pages 32–33.

This report has also been prepared in accordance with the UN Guiding Principles on Business and Human Rights Reporting Framework.

Ericsson is currently working to align its ESG disclosures to the Sustainability Accounting Standards Board's (SASB) standards for sustainability reporting, and to the guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). The SASB reference index is published on the Company's website.

Other Sustainability related-reporting

Ericsson is a UN Global Compact signatory and has been since 2000. The Company Communication on Progress report is prepared according to UN Global Compact Advanced Level criteria and is available on the UN Global Compact website.

Additional reporting on Ericsson's sustainability and corporate responsibility efforts are available at www.ericsson.com including the UN Global Compact Communication on Progress and UN Guiding Principles Reporting Framework Index.

Ericsson also publishes other annual statements and reports such as Ericsson's CDP response, a Modern Slavery and Human Trafficking Statement, and a Conflict Minerals Report on its website.

S2 Compliance and anti-corruption

Reported compliance concerns

Compliance concerns reported to Audit and Compliance Committee, received via Ericsson Compliance Line and other channels. The category of reported compliance concerns is determined based on the most significant impact as identified by Corporate Investigation's team. Categorization may be modified during an investigation as additional information related to the initial allegation is obtained.

Compliance concerns ¹⁾					
	2020	2019	2018	2017	2016
Number of cases reported	933	538	445	412	145
Cases by category (%)					
Fraud, corruption and regulatory breach	17	35	29	26	29
Security	5	6	2	3	1
Operations	15	12	8	11	11
Human Resources	46	24	24	35	49
Conflict of Interests	6	9	12	11	10
Sustainability	0	0	0	0	0
Other	11	15	23	14	0

¹⁾ Figures are rounded to the nearest whole percentages wherefore totals for certain years do not add up to 100 percent.

Corruption risk assessments

Following a company-wide corruption risk assessment, a process for more in-depth assessments in different market areas and units within Ericsson, has been established in 2019 and further developed in 2020. During this period, a number of focused anti-bribery and corruption risk assessments have been carried out, covering operations in a significant number of countries.

- 3 finalized and 2 ongoing assessments in Market Area Middle East and Africa.
- 1 completed and 1 ongoing assessment in Market Area Europe and Latin America.
- 2 finalized assessments in Market Area South East Asia, Oceania and India.
- 1 finalized assessment in Market Area North East Asia.

S3 Sensitive business

Number of cases reviewed in the sensitive business process, by outcome					
	2020	2019	2018	2017	2016
Approved	321	262	362	593	350
Approved with conditions	480	358	199	210	209
Rejected	27	31	26	43	45
Total	828	651	587	846	604

S4 Workforce Data

Employee diversity – female representation

%	2020	2019	2018	2017	2016
All employees	25	25	23	25	23
Line managers	21	20	20	20	20
Executive population ¹⁾	32	32	31	27	24
Executive Team ²⁾	20	20	27	36	35
Board of Directors ³⁾	23	23	23	43	46

External workforce⁴⁾

	2020	2019	2018	2017	2016
Headcount	11,398	12,105	13,023	12,664	19,382

Hire rate, turnover and positions filled by internal candidates

%	2020	2019	2018	2017	2016
Hire rate ⁵⁾	9	15	12	11	14
Turnover ⁶⁾	8	11	17	22	18
Positions filled by internal candidates ⁷⁾	41	32	41	47	46

Training – Average training per employee

	2020	2019	2018	2017	2016
Hours/year	24.0	26.5	21.3	21.9	29.0

Employees receiving performance evaluations⁸⁾

%	2020	2019	2018	2017	2016
Share of employees	95	85	71	63	52

¹⁾ Employees reporting to Executive Team members.

²⁾ Including Ericsson's President and CEO.

³⁾ Including Ericsson's President and CEO, and employee representatives but excluding deputy employee representatives.

⁴⁾ People working for Ericsson without being directly employed, including consultants, interns and field service operators.

⁵⁾ Derived by dividing the number of employees who joined Ericsson during the year by the total headcount at year-end.

⁶⁾ Derived by dividing the number of employees who left Ericsson during the year by the total headcount at year-end.

⁷⁾ Derived by dividing the number of positions filled in a year by employees already employed by Ericsson, by the total number of positions filled in the same year.

⁸⁾ Performance evaluations recorded as of January 31st the following year. Field service personnel are excluded from the calculations.

Ericsson's Code of Business Ethics stipulates that all employees shall be free to form and to join, or not to join, trade unions or similar organizations and to bargain collectively. The coverage varies from country to country. In Sweden, all employees except for Group Management are covered by collective agreements. The Company estimates that approximately 30% of employees are covered by collective bargaining agreements.

S5 Occupational health and safety

Number of fatalities, major incidents, lost time incidents reported via Ericsson Global Incident Reporting Tool (GIRT). Ericsson's suppliers are to report occupational health and safety (OHS) related incidents, via GIRT, that occur during the operations on behalf of Ericsson according to binding OHS requirements.

Fatalities

	2020	2019	2018	2017	2016
Ericsson employees	0	0	0	0	0
Supply chain and public	7	11	14	23	17
Total	7	11	14	23	17

Major incidents¹⁾

	2020	2019	2018	2017	2016
Ericsson employees	66	122	83	–	–
Supply chain and public	36	57	33	–	–
Total	102	179	116	213²⁾	186²⁾

Lost-time incidents³⁾

	2020	2019	2018	2017	2016
Ericsson employees	90	180	143	–	–
Supply chain and public	53	87	61	–	–
Total	143	267	204	–	–

¹⁾ A major incident is defined as an incident that results in more than 3 lost work days.

²⁾ Due to limitations in data availability, reporting on major incidents broken down on employees and supply chain/public for 2017 and 2016 is not possible, as is also reporting on lost time injuries for these years.

³⁾ A lost-time incident is defined as an incident that results in one or more lost work days. Includes the major incidents reported above.

S6 Responsible management of suppliers

Risk assessment and audits	2020	2019	2018	2017	2016
Tier One Suppliers risk assessed (%) ¹⁾	99	98	47	–	–
Number of CoC audits ²⁾	83	160	176	238	330
Number of CC audits ³⁾	23	35	39	27	36

Responsible Minerals Assurance Process (RMAP)⁴⁾

Minerals in scope	Identified smelters in the supply chain	Smelters participating in RMAP	RMAP conformant smelters (no.) ⁵⁾	RMAP conformant smelters (%) ⁵⁾
Cobalt	40	11	11	100
Gold	168	111	107	96
Tantalum	45	37	37	100
Tin	96	58	54	93
Tungsten	54	42	42	100
Total	403	259	251	97

¹⁾ Risk assessment process described on page 16. The process was formalized in 2018 wherefore comparative figures before that year are not available.

²⁾ Audits performed to assess compliance with Ericsson's Code of Conduct for Business Partners.

³⁾ Contract Compliance supplier audits performed by Ericsson internal auditors to verify adherence to and compliance with supplier requirements.

⁴⁾ Based on supplier responses as of 25 January 2021.

⁵⁾ Out of smelters assessed.

S7 Information security and privacy

Information security and privacy incidents reported through Security Incidents Management System (SIMS).

Number of incidents reported via SIMS ¹⁾	2020	2019	2018	2017	2016 ²⁾
Critical	1	3	8	5	18
Major	25	30	51	54	82
Medium	473	1,233	887	963	852
Minor	2,034	2,574	2,366	2,213	1,573
Total	2,533	3,840	3,312	3,235	2,525

¹⁾ Excluding both cancelled and unrelated incidents reported.

²⁾ Only information security incidents reported through SIMS.

S8 Waste, product take-back and water

Waste generated at facilities by disposal method (tonnes) ^{1) 2)}	2020	2019	2018	2017	2016
Recycling	3,370	4,900	3,510	4,465	5,060
Energy recovery	1,465	2,300	2,861	2,943	3,990
Landfill	2,065	3,800	3,830	4,331	4,590
Hazardous waste	16	13	16	16	25
Total	6,916	11,013	10,217	11,755	13,665

Product take-back (incl. batteries) by disposal method (%) ³⁾	2020	2019	2018	2017	2016
Re-use	1	2	0	0	0
Recycling	94	91	93	94	93
Energy recovery	4	6	5	5	5
Landfill	1	1	1	1	2
Total take-back volumes (tonnes)	10,204	8,403	8,380	12,252	14,009

Water consumption (Mm³)⁴⁾

	2020	2019	2018	2017	2016
Total	1.5	1.5	1.6	1.8	2.7

¹⁾ Waste from production sites are based on reported figures. Waste from other facilities are estimates based on waste generation at the company's headquarter.

²⁾ Facilities includes offices, production sites, warehouses, data centers and test labs.

³⁾ Figures are rounded to the nearest whole percentages wherefore totals for certain years do not add up to 100 percent.

⁴⁾ Water consumption covering approximately 40% of employees is measured and the remainder is based on an extrapolation of these figures.

S9 Energy, travel and transport

Energy usage at facilities (GWh)¹⁾

	2020	2019	2018	2017	2016
Electricity (including cooling)	572	588	634	704	788
Of which renewable	390	333	335	357	351
District heating	23	26	33	33	34
Other energy ²⁾	33	50	49	45	60
Total	628	664	716	782	882

Energy intensity (GWh/net sales in billion SEK)

	2020	2019	2018	2017	2016
Total	2.7	2.9	3.4	3.8	4.0

Distances travelled (Mpkkm)^{3) 4)}

	2020	2019	2018	2017	2016
Business travel air	111	889	800	928	1,134
Business travel road	25	60	57	55	71
Fleet vehicles	170	198	260	351	377
Employee commuting	119	360	370	415	440
Total	425	1,507	1,487	1,749	2,022

Product transportation (Mtonnekm)⁵⁾

	2020	2019	2018	2017	2016
Air transport	117	175	295	161	178
Road transport	163	245	235	288	304
Sea transport	261	370	296	212	370
Rail transport	7	10	1	1	5
Total	548	800	827	662	857

¹⁾ Measured energy consumption is available for 80% of contracted floor area (85% for electricity). For locations where measured consumption data is not available, extrapolation of consumption at similar locations have been used to estimate the consumption.

²⁾ Includes local heating and standby energy generation such as back-up generators.

³⁾ Million passenger kilometres.

⁴⁾ Travel distances are largely based on reported data from travel agencies. For a smaller share of the distances travelled, primarily by car, estimations have been made based on travel spend figures. Commuting distances are based on an estimate of employees commuting habits. The figures for fleet vehicles are partly measured distances and partly estimated ones based on contracted distances in leasing contracts.

⁵⁾ Approximately 62% of transport distances are based on data reported by service logistics providers. For a smaller share, primarily related to the first/last mile of the total distance transported by truck and some additional air transport, estimations have been made based on transported weights and distance to destinations.

S10 GHG and other emissions

Direct GHG emissions (Scope 1) (Ktonnes)¹⁾

	2020	2019	2018	2017	2016
Facilities' energy usage	7	11	11	14	14
Fleet vehicles ²⁾	33	38	43	59	61
Total	40	49	54	73	75

Indirect GHG emissions (Scope 2) (Ktonnes)^{1) 3)}

	2020	2019	2018	2017	2016
Facilities' energy usage (market based)	74	124	134	156	185

Other indirect GHG emissions (Scope 3) (Ktonnes)

	2020	2019	2018	2017	2016
Business travel	17	114	110	123	154
Product transport ⁴⁾	112	139	215	129	146
Employee commuting ⁵⁾	30	60	61	69	73
Use of sold products ⁶⁾	34,000	33,000	32,000	34,000	34,000
Total	34,159	33,313	32,386	34,321	34,373

GHG emissions intensity (Ktonnes/net sales in billion SEK)

	2020	2019	2018	2017	2016
Scope 1	0.17	0.22	0.26	0.36	0.34
Scope 2 (market based)	0.32	0.55	0.64	0.76	0.84

Other emissions to air (Ktonnes)⁷⁾

	2020	2019	2018	2017	2016
NOx	0.67	1.24	1.52	1.33	1.58
SOx	0.77	1.19	1.34	1.39	1.68
Particle Matters	0.08	0.14	0.15	0.17	0.20

¹⁾ Energy consumption used to calculate scope 1 and 2 emissions is partly estimated. See note S9.

²⁾ Emissions are calculated based on estimated distances driven.

³⁾ Location based Scope 2 emissions for 2020 and 2019 were 156 and 168 Ktonnes respectively.

⁴⁾ Scope covers all product transport sourced by Ericsson. The majority of reported emissions are based on data reported by logistic service providers, with a smaller part being estimated.

⁵⁾ Commuting is estimated based on a survey of employees' commuting habits. Data for 2020 includes estimated carbon emissions from employees teleworking (working from home) of approximately 10 Ktonnes. Emissions from teleworking in previous years are considered to be insignificant.

⁶⁾ Estimation based on the Company's LCA carbon footprint from products in use. The estimated useful life of products is ten years and the resulting emissions have been calculated based on the current electricity mix in the grids of markets served.

⁷⁾ Emissions are estimated based on calculated CO₂e emissions from transport, travel and facility energy consumption.

Greenhouse Gas (GHG) Emissions are calculated as carbon dioxide equivalents (CO₂e). CO₂e is defined as the amount of a particular GHG, expressed as the amount of carbon dioxide that gives the same greenhouse effect. CO₂e figures includes the following GHG gases: CO₂, CH₄, N₂O, HFCs and PFCs. Ericsson reports GHG emissions according to the GHG protocol. Ericsson's CDP response is available on the Company website. For practical and timing reasons energy and emission data for facilities and product transport is collected and calculated for the period December–November.

Emission factors used in consolidation

Energy type	Emission factor	Source/Comments
Electricity	Source/country specific	IEA, US Energy Information Administration (EIA), Association of Issuing Bodies (AIB), supplier specific data where available
Green Electricity	0.001 kg/kWh	Supplier specific data
District heating, Sweden	0.071 kg/kWh	
District heating, other	0.215 kg/kWh	Country average
Air travel	0.115 kg/pkm	GHG protocol and DEFRA
Car travel	0.150 kg/pkm	Country averages based on fleet composition
Air transport	0.780 kg/tonnekm	As provided by logistic service providers
Road transport	0.110 kg/tonnekm	
Sea transport	0.016 kg/tonnekm	
Rail transport	0.030 kg/tonnekm	

Global Reporting Initiative Content Index

Unless otherwise stated, the Global Reporting Initiative (GRI) Standards referenced are those published in 2016. Disclosures with omissions are indicated in the index and described on page 33. Unless otherwise stated the pages referenced are those in the Sustainability & Corporate Responsibility Report. References to other documents are indicated using the following abbreviations: (FR) Financial Report, (CGR) Corporate Governance Report, (EIR) Ericsson 2020 in Review.

General Disclosures

Material topic and GRI disclosure number	Disclosure	Reference(s)	Omission statement
102-1	Name of the organization	28	
102-2	Activities, brands, products and services	FR 4–8	
102-3	Location of headquarters	FR 1	
102-4	Location of operations	EIR 3, 26, 34, FR 88	
102-5	Ownership and legal form	FR 120–122	
102-6	Markets served	EIR 20–31	
102-7	Scale of the organization	FR 11, 27–28, 74, 88	
102-8	Information on employees and other workers	29, FR 74	
102-9	Supply chain	EIR 34, FR 17–18	
102-10	Significant changes to the organization and its supply chain	EIR 5, 34	
102-11	Precautionary principle or approach	Sustainability policy, available at ericsson.com	
102-12	External initiatives	ericsson.com	
102-13	Memberships of associations	ericsson.com	
102-14	Statement from senior decision-maker	FR 2–3, 8	
102-16	Values, principles, standards, and norms of behavior	4, 8	
102-17 ¹⁾	Mechanisms for advice and concerns about ethics	5	
102-18	Governance Structure	CGR 2, 4–11	
102-19 ¹⁾	Delegating authority	4, CGR 2	
102-40	List of stakeholder groups	6	
102-41	Collective bargaining agreements	29	
102-42	Identifying and selecting stakeholders	6	
102-43	Approach to stakeholder engagement	6	
102-44	Key topics and concerns raised	6	
102-45	Entities included in the consolidated financial statements	28, FR 33 & 88	
102-46	Defining report content and topic boundaries	7, 28	
102-47	List of material topics	7	
102-48	Restatements of information	33	
102-49	Changes in reporting	No significant changes	
102-50	Reporting period	28	
102-51	Date of most recent report	March 2, 2020	
102-52	Reporting cycle	Yearly	
102-53	Contact point	corporate.responsibility@ericsson.com	
102-54	Claims of reporting in accordance with the GRI Standards	28	
102-55	GRI content index	32–33	
102-56	External assurance	28, 34–35	

¹⁾ Non-Core indicator.

Topic specific disclosures

Material topic and GRI disclosure number	Disclosure	Reference(s)	Omission statement
Sustainability management, governance and regulatory environment			
103-1–3	Management approach	3–5	
Digital inclusion			
103-1–3	Management approach	4, 26–27	
Information security			
103-1–3	Management approach	4, 12	
Non-GRI Disclosure	Number of information and security incidents reported	30	
Privacy protection			
103-1–3	Management approach	4, 13	
Non-GRI Disclosure	Number of information and security incidents reported	30	

Topic specific disclosures, cont.

Material topic and GRI disclosure number	Disclosure	Reference(s)	Omission statement
Anti-corruption			
103-1-3	Management approach	4, 9	
205-1	Operations assessed for risks related to corruption	28	○
205-2	Communication and training about anti-corruption policies and procedures	9	○
205-3	Confirmed incidents of corruption and actions taken	FR 18	
Ericsson's own carbon emissions			
103-1-3	Management approach	4, 20-23	
302-1	Energy consumption within the organization	31	
302-3	Energy intensity	31	
305-1	Direct (Scope 1) GHG emissions	31	
305-2	Indirect (Scope 2) GHG emissions	31	
305-3	Other indirect (Scope 3) GHG emissions	31	
305-4	Emissions intensity	31	
Network energy performance			
103-1-3	Management approach	4, 24	
302-5	Reductions in energy requirements of products and services	24	
305-3	Other indirect (Scope 3) GHG emissions	31	
Responsible management of suppliers			
103-1-3	Management approach	4, 16-17	
308-1, 414-1	New suppliers that were screened using environmental/social criteria	30	○
Health, safety and well-being			
103-1-3, 403-1-7 ¹⁾	Management approach	4, 14-15	
403-9	Work-related injuries	29	○
Diversity and inclusion			
103-1-3	Management approach	4, 18	
405-1	Diversity of management bodies and employees	29	○
Respect for human rights (including labor practices)			
103-1-3	Management approach	4, 10	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	11, 28	
Radio waves and health			
103-1-3	Management approach	4, 19	
416-1	Assessment of the health and safety impacts of product and service categories	19	○

¹⁾ Standards published in 2018.

Omissions from the GRI Standards

Disclosure	Omission and reason for omission
205-1, 205-2	The corruption risk assessments are done per market area, segment, and group function and not per specific subsidiaries wherefore a percentage figure is not relevant to disclose. Ericsson's anti-corruption training program is currently undergoing a major transformation, which has hindered the company's effort to collect accurate training completion data for 2020. With the introduction of new online training in 2021, the company anticipates that it will be able to disclose the training completion data in next year's report.
308-1, 414-1	Due to limitations in data availability Ericsson is not able to provide a percentage figure for new suppliers screened on social and environmental criteria (defined as those who have submitted a self-assessment questionnaire). With the introduction of new tools, the Company aims to provide this information in the coming years.
403-9	Due to limitations in data availability for hours worked by employees and suppliers, Ericsson is not able to disclose fatality- and lost-time injury frequency rates. With the introduction of new tools, the Company aims at providing this data in coming years. Ericsson does not always collect information on recovery time and is therefore not able to provide data on "high consequence injuries" as defined in the GRI Standards. The company discloses the number of major incidents as an alternative performance indicator.
405-1	Ericsson does not disclose a breakdown on employee categories by age due to confidentiality reasons. The Company discloses a breakdown on age for all employees on a consolidated level.
416-1	The assessments of the potential health impacts of the Company's products are not done per product but rather on the technologies which the Company provides. A numerical breakdown is therefore not relevant to disclose.

Restatements of information

Reference	Restatement and reason for restatement
p. 29	Comparative figures for gender diversity within the Board of Directors and the Executive Team have been restated to align with the definitions of individuals included in these groups, as described together with the information disclosed.
p. 29	Information of the number of major incidents occurring in 2018 has been restated from 130 to 116 cases as the former figure included cases reported multiple times and incidents which were later assessed as not being within the Company's control.

Auditor's Assurance

Auditor's Assurance Report on Ericsson's Sustainability and Corporate Responsibility Report and statement regarding the Statutory Sustainability Report

To Telefonaktiebolaget LM Ericsson, corporate identity number 556016-0680.

Introduction

We have been engaged by the Board of Directors and Executive Management of Telefonaktiebolaget LM Ericsson ("Ericsson") to undertake an assurance engagement of the Ericsson Sustainability and Corporate Responsibility Report ("the Sustainability Report") for the year 2020. The Company has defined the scope of the Sustainability Report on page 28 in the Sustainability Report, which also constitutes the Statutory Sustainability Report.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 28 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as well as AA1000AS v3 issued by AccountAbility (type 2 engagement). The engagement includes limited assurance on the complete Sustainability Report, and an audit of selected information consisting of GHG emission data regarding Ericsson's own activities disclosed on page 31 in the Sustainability Report, covering GHG emission from; facilities' energy use, fleet vehicles, business travel, and product transportation.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the selected information in the Sustainability Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report,

and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Ericsson in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Our assurance engagement has been performed by a multidisciplinary team specialized in reviewing economic, environmental and social issues in Sustainability Reports, and with experience from the Information and Communication Technology (ICT) sector.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit. Since this engagement is combined, our conclusions regarding the limited assurance, the reasonable assurance and the examination according to RevR 12 will be presented separately below.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management, including adherence to the AA1000AP (2018) principles inclusivity, materiality, responsiveness, and impact.

In our opinion, the selected information in the Sustainability Report which has been subject to our reasonable assurance procedures has, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Other information

The following is other information that has not affected our conclusion above. According to AA1000AS v3, we have included observations and recommendations for improvements in relation to adherence to the AA1000AP (2018) principles:

Regarding inclusivity

Ericsson has a commitment from management to be accountable to stakeholders, actively seeking engagement with and input from key stakeholders to further develop the company's approach to sustainability and corporate responsibility. We understand that Ericsson is evaluating opportunities to further strengthen the approach and process for stakeholder engagement over the coming years. We encourage Ericsson to continue this work, and we have no other specific recommendations regarding inclusivity.

Regarding materiality

We recognize that Ericsson has a systematic approach and process for assessment of material sustainability and corporate responsibility topics. This process takes into account both external and internal perspectives, including the perception of investors, customers, representatives of market and business areas, and employees. We recommend and encourage Ericsson to continue to develop the materiality assessment process to ensure an appropriate balance between different stakeholder perspectives, and to evaluate opportunities to further refine the methodology used to determine the impacts and boundaries of the topics addressed in the materiality assessment.

Regarding responsiveness

Ericsson is attentive to stakeholder concerns and works systematically in responding to stakeholder input. We have interviewed selected Ericsson stakeholders to assess the perceived level of responsiveness, and these stakeholders confirm that Ericsson addresses their key concerns and expectations in ongoing dialogues and through the Sustainability and Corporate Responsibility Report. We have no specific recommendations regarding responsiveness.

Regarding impact

We recognize that Ericsson is aware of the company's material direct and indirect economic, environmental, and social impacts, identified through the materiality assessment, and actively manage, measure and monitor said impacts. We understand that Ericsson is taking measures to further strengthen the assessment of its broader economic, environmental, and social impacts, beyond topics identified through the materiality assessment. Furthermore, Ericsson is taking efforts to continuously strengthen its reporting processes and procedures. We encourage Ericsson to continue these efforts. We also recommend the company to report on climate-related risks in line with established frameworks going forward.

Stockholm, March 3, 2021

Deloitte AB

Thomas Strömberg
Authorized Public Accountant

Lennart Nordqvist
Expert member of FAR

Forward looking statements

This Annual Report includes forward-looking statements, including statements reflecting management's current views relating to the growth of the market, future market conditions, future events, financial condition, and expected operational and financial performance, including, in particular the following:

- Our goals, strategies, planning assumptions and operational or financial performance expectations
- Industry trends, future characteristics and development of the markets in which we operate
- Our future liquidity, capital resources, capital expenditures, cost savings and profitability
- The expected demand for our existing and new products and services as well as plans to launch new products and services including research and development expenditures
- The ability to deliver on future plans and to realize potential for future growth
- The expected operational or financial performance of strategic cooperation activities and joint ventures
- The time until acquired entities and businesses will be integrated and accretive to income
- Technology and industry trends including the regulatory and standardization environment in which we operate, competition and our customer structure.

The words "believe", "expect", "foresee", "anticipate", "assume", "intend", "likely", "projects", "may", "could", "plan", "estimate", "forecast", "will", "should", "would", "predict", "aim", "ambition", "seek", "potential", "target", "might", "continue", or, in each case, their negative or variations, and similar words or expressions are used to identify forward-looking statements. Any statement that refers to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

We caution investors that these statements are subject to risks and uncertainties many of which are difficult to predict and generally beyond our control that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Important factors that could affect whether and to what extent any of our forward-looking statements materialize include but are not limited to the factors described in the section Risk Factors.

These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this Annual Report, to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events, whether as a result of new information, future events or otherwise, except as required by applicable law or stock exchange regulation.

Glossary

Segments have been defined for financial reporting purposes based on the business areas. See further information in Note B1, "Segment Information" in the Financial report.

2G

Second generation of mobile systems (the first digital generation). Includes GSM, TDMA, PDC and cdmaOne.

3G

Third generation mobile systems. Includes WCDMA/HSPA, CDMA2000 and TD-SCDMA.

3GPP

Third Generation Partnership Project. Unites telecommunications standard development organizations and produce specifications that defines a mobile technology (2G, 3G etc.).

4G

Fourth generation mobile systems, also known as LTE.

5G

The fifth generation of mobile systems. An evolution of 4G/LTE.

AI

Artificial intelligence. The ability of a machine to perform a task commonly associated with intelligent beings.

CO₂e

The amount of a particular greenhouse gas, expressed as the amount of carbon dioxide that gives the same greenhouse effect.

COVID-19

The disease caused by the coronavirus (SARS-CoV-2).

COVID-19 pandemic

The global spread of the disease caused by the coronavirus (SARS-CoV-2).

ESG

Environmental, Social, and Corporate Governance. Refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.

GHG

Greenhouse Gas (GHG) emissions are calculated as carbon dioxide equivalents (CO₂e). CO₂e is defined as the amount of a particular GHG, expressed as the amount of carbon dioxide that gives the same greenhouse effect.

Global Reporting Initiative (GRI) Standards

The GRI Sustainability Reporting Standards are the first and most widely adopted global standards for sustainability reporting. GRI is an independent international organization that has pioneered sustainability reporting since 1997.

GSM

Global System for Mobile Communications. Second generation mobile system.

ICT

Information and Communication Technology.

IoT

Internet of things, interconnection of computing things enabling them to send and receive data.

LTE

Long-Term Evolution. 4G; the evolutionary step of mobile technology beyond 3G HSPA, allowing data rate above 100 Mbps.

Mobile broadband

Wireless high-speed internet access using the HSPA, LTE, CDMA2000EV-DO and 5G technologies.

SBT

Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

SDGs

Sustainable Development Goals. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership.

UNGC

United Nations Global Compact. Is a voluntary initiative adopted in 2005 by the UN Secretary-General, based on CEO commitments to implement universal sustainability principles and to take steps to support the UN Sustainable Development Goals.

UNGP

The UN Guiding Principles Reporting Framework was launched in February 2015 and is the first comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. This responsibility is set out in the UN Guiding Principles on Business and Human Rights, which constitute the authoritative global standard in this field.

More information

Information about Ericsson and its development is available on the website: www.ericsson.com. Annual and interim reports and other relevant shareholder information can be found at: www.ericsson.com/investors

Every care has been taken in the translation of this annual report to English. However, in the event of discrepancies, the Swedish original will supersede the English translation.

Contact details

Ericsson headquarters
Torshamnsgatan 21, Kista
SE-164 83 Stockholm
Sweden

Registered office
Telefonaktiebolaget LM Ericsson
Torshamnsgatan 21, Kista
SE-164 83 Stockholm
Sweden

Investor relations
For questions on the Company, please contact
Investor Relations:
Phone: +46 10 719 0000
Email: investor.relations@ericsson.com

For printed publications

Order a hard copy of the Annual Report - online:
<https://www.ericsson.com/en/investors/financial-reports>

Order a hard copy of the Annual Report - phone:
Strömberg Distribution
Phone: +46 8 779 9600

Contact details for ADR program

For ADR institutional investors and brokers
Deutsche Bank ADR broker services desk
New York: Tel +1 212 250 9100
London: Tel +44 207 547 6500

For registered ADR Holders
Deutsche Bank Shareholder Services
American Stock Transfer & Trust Company
Email: DB@amstock.com
Toll-free number: +1 800 937 5449
Direct Dial: +1 718 921 8124

Ericsson Annual Report 2020

Project management
Ericsson Investor Relations

Design and production
Hallvarsson & Halvarsson

**Photos of Board of Directors
and Executive Team**
Per Myrehed

Printing
Göteborgstryckeriet 2021
Printed on Amber Graphic



About Ericsson

Ericsson provides high-performing solutions to enable its customers to capture the full value of connectivity. The Company supplies communication infrastructure, services and software to the telecom industry and other sectors. Ericsson has approximately 100,000 employees and serves customers in more than 180 countries. Ericsson is listed on Nasdaq Stockholm and the Ericsson ADS trade on NASDAQ New York. The Company's headquarters are located in Stockholm, Sweden.

It all started in a mechanical workshop in Stockholm in 1876 where Lars Magnus Ericsson designed telephones and his wife Hilda manufactured them by winding copper wire coils. With 5G now a commercial reality, we continue to invest to strengthen our 5G leadership. Our portfolio is designed to help our customers digitalize and to increase efficiency in an intelligent and sustainable way, while finding new revenue streams.